

MAR 12 1926

The **MAGAZINE** *of* **WALL STREET**

EDITED BY

Richard D. Nye

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Bull Market Over
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Entered as second class matter January 30, 1915, at P. O., New York, N. Y., Act of March
3, 1879. Published every other Saturday.

SUBSCRIPTION PRICE, \$7.50 a year, in advance. Foreign subscribers please send
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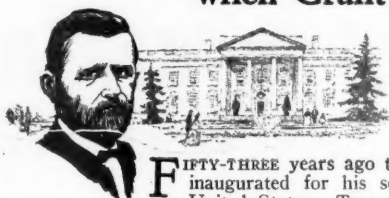
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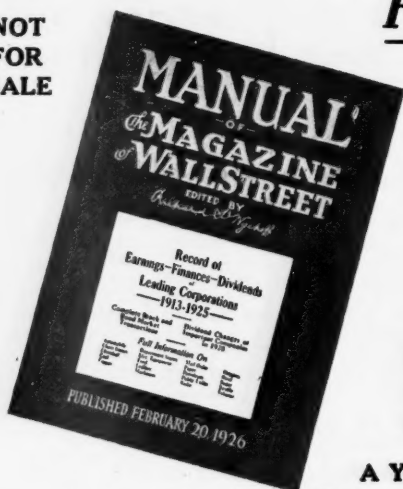
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By publishing this Manual in February it is possible for us to include the Annual Reports of a large number of corporations as well as preliminary annual statements. This book will be of tremendous help to every

business man and investor throughout the coming year in making their investment and trading selections. Among other important features are:

MARKETS—

Stock Market Review,
by Richard D. Wyckoff
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Stock Market Range for 1925.
Dividend Changes in 1925.
Bond Market in 1925.
Bond Market Range for 1925.
Curb Markets.

DOMESTIC TRADE AND BUSINESS—

Business Review Covering the General Situation
by E. D. King.
Money and Credit—by H. Parker Willis.
Important Banking Changes.
Commodities, Including Price Fluctuations in 1925.
Record of Production in Leading Commodities.

Corporation and Government Financing in 1925.
Important Economic and Political Events.

FOREIGN TRADE AND FINANCE—

Foreign Bonds.
Foreign Exchange in 1925, with Tables and Graphs.

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Review of Unlisted Bonds.

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Earnings and Financial Position, with Charts and Tables.

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One hundred tables and charts illustrating basic conditions in each industry and fully detailed tables giving leading companies earnings, financial position, etc., over a period of years. The charts and tables in this year's Manual are especially important as 1925 is added to previous tables without omitting a previous year, thus giving you the ranges of prices over periods of from 10 to 15 years. Practically every company of importance whether listed or unlisted is included. The data gives the investor a complete record of the growth or decline of practically every leading corporation, which will enable him to determine the real trend of the company's affairs.

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WITH THE EDITORS

A Market Menace



THE semi-panic which hit the market last week was due to an uncontrollable fear which swept the country. Thousands of panic-stricken speculators and investors threw their securities overboard, good, bad and indifferent. Men and women who had bought on tips and "hunches" and who acted ignorantly on misinformation came to their day of reckoning.

For years, this publication has attempted to educate investors to the necessity of ascertaining dependable unbiased information, before they bought their securities. We believe we are stating the case fairly when we say that very few of the investors who have acted prudently and in accordance with the investment policies laid down by this publication have suffered. On the other hand, those who were influenced to buy over-priced securities by propaganda issued by pools and other interested parties have reason to regret their folly.

The severe market decline was in great measure accelerated by the fact that the mass of ill-advised speculators who had bought on tips were compelled to unload together regardless of price. The trouble with these people was that both in the purchase and sale of their securities they acted without in the slightest knowing what they were doing. This appalling lack of knowledge on the part of uneducated investors exerted such an effect on the market as to shake the entire price structure. This sort of investment ignorance is a positive menace to the securities markets and there seems little likelihood of real stability until more people are educated to the necessity of acting intelligently and in accordance with sound investment practice. Panics spring from mob hysteria, which in turn is based on ignorance. An intelligent public, acting on knowledge, could never be driven to such a hysterical frenzy as marked last week's market. For their own self-protection, investors who appreciate the value of dependable

information ought to explain to their friends and acquaintances the danger of buying on tips and "hunches." When the entire body of investors has become truly educated, there will no longer be stock market panics.

The break in the market will carry stocks down to their true levels—thus creating a new field of investment opportunity which has not existed for a long time. Investors must realize that the market is likely to be of such a nature that many of the stocks which have had the most precipitate drop may not recover for

years and that others which have not yet declined much may sink to low levels; while still others, owing to their favorable position, will sell at even higher levels than ever. Our augmented staff is, therefore, busily engaged in separating the chaff from the wheat so that our readers may know which stocks to avoid and which offer the greatest opportunities. We welcome this opportunity of serving our readers. New security opportunities will be described promptly at the time when they are available so that our readers may secure sound investments at the most attractive prices.

In the Next Issue:

FOR investors, this issue is arranged with the specific purpose of advising them on the proper policy to follow after the recent severe break in the market. Hence, we announce an elaborate "switching feature" covering over one hundred leading stocks with advices as to which stocks to dispose of and which to purchase in their place. We believe this feature will be of very considerable practical benefit to the average shareholder.

WE have included also a penetrating analysis of the Interstate Commerce Commission decision with regard to the Van Sweringen merger, together with the outlook for the stocks affected and the manner in which the decision is likely to affect future consolidations.

HOW will the bond market be affected by the reduction in income taxes? An unusual article in which large investors, and small too, will be interested. The new Income Tax law changes the position of non-taxable issues and it will pay the investor to know just what changes the law will bring forth in this class of securities.

A BRILLIANT review of the prospects for the automobile industry and the leading companies is also included in this issue. This gives the underlying trend in the industry itself and our views as to the market future of the leading stocks.

Many other practical and timely articles will be found. The "switching" feature alone is worth the price of a year's subscription. Since the demand for this issue is likely to be very large, we suggest you get your copies early.

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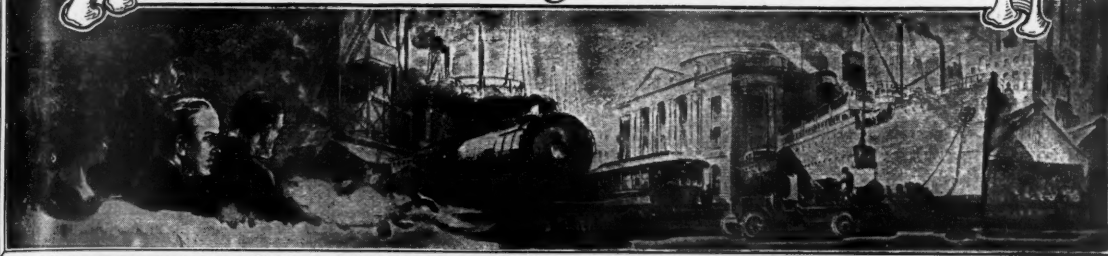
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The MAGAZINE of WALL STREET



EDITOR
RICHARD D. WYCKOFF

MANAGING EDITOR
E. D. KING

INVESTMENT & BUSINESS TREND

The 1926 Income Tax and Its Effect—New Securities—The Cost of Competition—Less Business—Money Rates—The Market Prospect

THE new Income Tax Act deserves the general approval with which it was received. Its quite considerable reductions in the normal and surtax rates have brought down the average payment to a comparatively nominal figure and, on the higher incomes, the tax now loses its heretofore burdensome aspects. It deserves commendation for its liberal cut in estate taxes, as well. Under the new law, the United States becomes probably the least heavily taxed of all the leading nations, so far as direct income taxes are concerned.

From a purely economic viewpoint, the large cuts made in taxes on big incomes are the most significant as they have the more direct bearing on the investment situation. The very considerable reduction in taxes on incomes \$100,000 a year and more releases tens of millions annually for investment or business purposes. It provides an inducement to rich men to place their funds where they can secure the greatest profit whereas heretofore they have been compelled to utilize the subterfuge of non-taxable securities. It is probable that that portion of large incomes not needed to meet tax payments will now be invested in taxable issues of sound rating. Among these would be railroad bonds and stocks, public utility issues of high rank and industrials which meet with severe tests of investment value.

Tax-exempt issues, to a certain extent, lose a market since men of large income may now profitably invest elsewhere. However, this is not so serious as it might have been a few years ago when states and municipal divisions were most active in their financing. Furthermore, there is still a very large market for such issues to be found among institutional buyers such as savings banks,

insurance companies and other fiduciary organizations.

Of course, the New Act has opened the door toward profit-taking among very large holders of those securities which have appreciated greatly in value during the past two years. This, however, has probably been anticipated since the main provisions of the Act have been known for some time. One thing seems certain. That is the fact that any artificial influence which the income tax in previous years may have exerted on market movements has by now lost its force. We are likely to hear much less in the future of "selling for tax purposes."



COMPETITION

THE enormously successful 1925 earnings record of a number of very large companies should not be taken as an exact picture of conditions in business, at large. It may surprise some to know that barely half of the four hundred thousand corporations doing business in the United States operate at a profit. The small employer is finding it more and more difficult to continue in business. Beset with many problems such as competition, rising labor costs, higher rent and overhead, not to speak of a steadily depreciating margin of profit, it is not difficult to understand the reason for the tens of thousands of commercial failures which take place annually in this country. The chief reason for this situation is the growing commanding position of labor in industry. The time seems slowly passing when employers could dictate terms. The result is that in many cases labor holds a first lien on earnings. If there is anything left after wages, materials, taxes, overhead

sales promotion and other expenses have been met, the employer may have his share. In more than half the businesses of this country, his share amounts to less than nothing. This matter is worthy of serious thought. In fact, the vanishing margin of profit constitutes the greatest threat to small business today.

"UNDIGESTED SECURITIES"

ONE of the features of the recent extended decline in the stock market has been the especial weakness which has developed in stocks of new vintage. It is reported that some of the more speculative of the new offerings put on the market in the past few months have not "taken" any too well with the public and that the underwriters are in the position of holding the bag. Certainly, several of these newly listed stocks have been conspicuously in distress. With the professional crew busily engaged in "gunning" for weak spots of this description it would seem at least a cautious policy to avoid, for the time being, the more recently listed stocks unless they have an especially solid foundation as to intrinsic worth. This, unfortunately, cannot be said of a great many which have been placed in an already overloaded market at inflated prices.

BUSINESS SLACKENS

THE year to date has not measured up to expectations as to volume of business but this is only because comparison is made with the abnormally large business transacted in November and December. Comparing the first two months of this year with the same period of 1925, the result becomes more encouraging. Almost all barometers show an increase over the preceding year. The present reaction, in fact, seems little more than the usual seasonal interlude and commencing with the Spring months when construction and out-of-door enterprise commence in large volume, it may be expected that business will give a very good account of itself.

MONEY CONDITIONS

CALL money has been somewhat dearer owing to preparations of March 15 income tax payments and the usual adjustments which take place this time of the year. There is little, however, in the situation to suggest that the higher level will be maintained for long or that money will be less abundant than last year. In fact,

the slight reaction in business, the drop in commodity prices and the partial liquidation which has been taking place on the Stock Exchange, would all normally relieve any tension which might have existed. Dangers of a tight money period seem to have vanished for the time being.

VAN SWERINGEN MERGER DECISION

THE Interstate Commerce Commission,

upsetting the so-called Van Sweringen railroad merger, was a source of gratification to the minority stockholders of the Chesapeake & Ohio and, equally, a disturbing factor to investors in the other roads affected. These are the Erie, Pere Marquette, Nickle Plate and Hocking Valley. The I. C. C. decision has two phases; the first is the criticism which was directed against the financial plan for the merger, particularly the unfair terms given the minority holders of the C. & O. The second is the seeming disinclination of the Commission to condemn the theory of railroad consolidation merely on the grounds that the Van Sweringen merger was unallowable. In other words, the decision has a significance chiefly in relation to the roads involved in the condemned Van Sweringen merger and not to the general field of consolidation as such. From a speculative viewpoint, of course, the action taken by the Commission is unfavorable since it naturally chills any enthusiasm remaining for securities which may be considered in future consolidations. This is especially true from the viewpoint of the immediate future. Investors are not likely now to be warmed to any show of enthusiasm on account of proposed mergers; in fact, even if the decision had been favorable from the railroad standpoint, it is not likely that enthusiasm for stocks could be easily generated at this time considering the enormous extent of the market decline and the ensuing discouragement among the speculatively minded.

MARKET PROSPECT

A THOROUGH review of conditions and the outlook for the stock market will be found on page 890.

The next issue will contain a detailed analysis of the effects of the Van Sweringen merger situation on the roads involved in the upset consolidation, as well as on proposed consolidations of other lines.

Colonel House Finds Europe Sincere in Her Peace Efforts

An Exclusive Interview with The Magazine of Wall Street

By E. D. King

THE recent Locarno Conference may be taken as the first signal victory for peace in Europe. That assembly of Europe's leading statesmen marked the new and growing spirit of amity which has slowly been overtaking the bitter desire for revenge which has colored European policies since the war.

Europe is commencing to realize more poignantly that the destinies of individual nations are bound up with one another, that a martial attitude may be a harbinger of future disruption. She realizes keenly the immensely weakened financial and economic position which has resulted from the war and that further deterioration means inevitable ruin. Hence, created by necessity itself and a universal desire for security, there is being nurtured today a spirit of compromise rather than revenge, of peace rather than war.

It is not an insignificant development that the statesmen and diplomats of Europe show an increasing desire to show themselves responsive to public opinion. And the public of Europe intends that peace shall be secured. It has little desire left to participate in further bloody combats. It wants to be left free to pursue its ordinary peace-time occupations where it left off when the war commenced. For this reason, the Locarno Conference marks not only practically the first occasion since the war when the leaders of political thought and action in Europe met for the definite purpose of arranging a thoroughly practicable peace basis but also the first time since the war when the people of Europe, through their properly appointed representatives, commanded that peace be had.

Nor does Locarno mark the final effort toward peace. Locarno meant a rapprochement between the leading nations of Europe: Great Britain, France, Belgium, Germany, Italy, principally. It did not, however, include Russia, for which I shall reserve some special remarks. Nor is it the final step toward a solution of the still existing Balkan difficulties. The Balkans still remain a sore spot but there are reasons to believe that within a year or two, there will be a conference similar to Locarno but with the avowed purpose of arrang-

ing a peace basis in the Balkans. This would settle another source of dispute and would mark the final culminating effort to secure peace for all of Continental Europe, except Russia. Even Russia, however, does not present the same problem as several years ago. The Soviet Government too, apparently, desires a period in which to be left to work out her internal problems, of which she has sufficient, so that as a factor militating in the direction of European disruption, she is becoming less potent. It is possible, however, that the Soviet Government intends to pursue a peace policy in Europe, reserving her efforts toward political and economic penetration of Asia. Russian eyes are turned East.

In China and India, possibly, she perceives her destiny rather than in Europe. This remains one of the uncertain situations today; but even so, I am confident that no untoward developments of importance will occur.

The possibilities of war have been suggested many times during the past few years in certain sections of the public press. War possibilities, of course, may be said to exist always but, practically speaking, I can see little reason to entertain apprehensions at this stage. Rather, I should think there is more ground for optimism than at any time since the end of the war.

The recent episode in which the Italian Government is represented as having assumed a rather martial attitude toward Germany on account of the situation arising from the treatment of the German minority population in Italian-owned Tyrol is typical of the exaggerated importance given to such developments by the pessimistically minded. In my opinion, the somewhat bellicose statement issued by Premier Mussolini may be accepted as a political gesture rather than an actual attempt toward intimidation. It is incredible that Italy and Germany should come to blows over a question of this nature when far more intricate problems, such as the relation between Germany and France, were settled at the Locarno Conference.

Europe is slowly working her way out of the chaos caused by the war and faces a long period of peace and constructive effort.



Colonel E. M. House

One of the great figures in the war period, whose judgment was constantly sought by President Wilson; and whose knowledge of European conditions is surpassed by few of the world leaders of to-day.

The Aftermath of Stock Inflation

*Market Advance of Many Issues Definitely Ended
But Others Are Still in a Favorable Position*

THE terrific February break in stocks was but the natural aftermath of as flagrant and unwarranted speculation for the rise as has been witnessed at any time in the history of the market. In our November 7 issue, we called attention to the situation then in the making: "one may safely conclude that the bull market in certain groups is over and has been for some time. In others, the move appears under way but the number of really favorable opportunities for investment is naturally diminishing. On the whole, this may safely be considered a period of stock distribution."

Events have amply justified this statement. The February break was the most severe, considering the brief period in which it occurred, of any since the decline of March, 1920. How severe the recent decline was may be appreciated by comparing the present prices of leading speculative stocks with their highs of this year. The averages of 50 stocks which stood at 139.16 on February 13 declined to 120.98 by March 3. This decline of about 18 points in the averages, however, hardly indicates its scope. Many of the higher price stocks within a few days broke forty and fifty points and, in some cases, even more. Practically the entire list was affected, good, bad and indifferent.

The Reason for the Decline

All sorts of reasons are being offered for the smash and yet there is only one. That is the fact that the great body of manipulated stocks were pushed up to levels entirely out of proportion to earnings and prospects. When stocks got to a point where they had discounted the earnings for as much as five years in advance, as many of these stocks had, surely it took no unusually experienced eye to see that danger existed.

The question now uppermost in the mind of investors and speculators is: Has a bear market started?

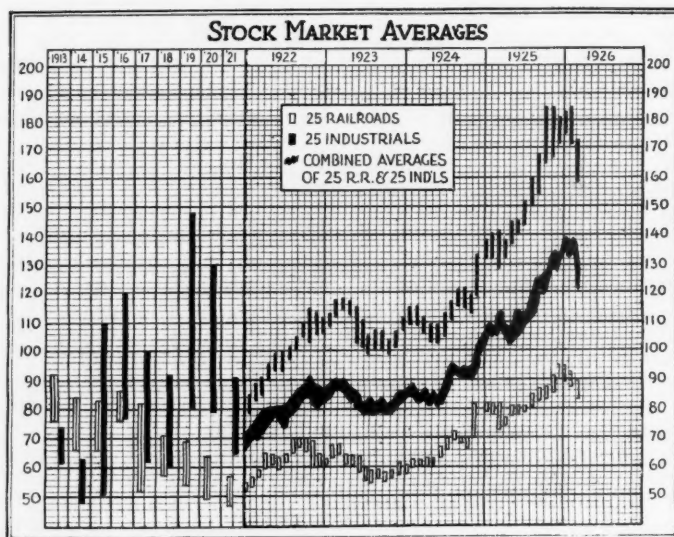
If a bear market has started, it would be only in anticipation of a marked decline in business. At present, there are indeed a few signs that underlying conditions are starting to operate against continued prosperity but thus far they are more than

counterbalanced by the favorable factors. It is possible, however, that the great decline in stocks may affect business sentiment to the extent of causing limitation of enterprise with the result that the stock decline in itself may bring about the very business situation it is supposed by some to forecast.

No conclusions as to the course of business are possible at this time except that the weight of evidence thus far is against a depression in business although it now appears likely that total results in profits for the year will not be quite as good as those of last year. Still, last year this time doubts as to the future of business were being freely expressed yet a marked upward movement started in just at about the time most people were sceptical. It must not be forgotten that the underlying economic position of this country is still exceptionally strong and not even a stock market break is sufficient in itself to cause more than a temporary halt in the trend.

In the final analysis, however, unless we are to have an actual business depression, something rather to be doubted, the future trend of stock prices will be governed by conditions operating in the market itself. The selling which took place in the break in the last week of February and the first week of March was of the nature of very definite liquidation. Stocks poured into Wall Street from all parts of the country. Even stocks held for years in strong boxes sold for what they could bring. In some cases, this was to protect margin accounts, already seriously weakened; in others, the impulse came from an ungoverned fear as to the general outlook and to take whatever profits remained.

It stands to reason that with thou-



sands of investors and speculators badly hurt in the most drastic decline in stock prices in history the ensuing psychological effect will be one of revulsion toward speculation. Even with the most favorable business prospects, it is extremely unlikely that the discouraged public will enter the market on a large scale for some time to come. Consequently, the resumption of a broad upward move appears decidedly out of the question at this time though the market has rallied quite sharply from its lows, as a natural reflection of overdone selling. However,

now that this rally has occurred, many will take advantage of the opportunity of disposing of their stocks at a somewhat smaller loss than they had at the bottom of the break. This should again bring about selling though probably not nearly so violent as in the recent break. From that time on, stocks will show a tendency to move strictly in accord with the business prospects of the companies they represent. It is at that time that the outlook for business will commence to play more of a part than it has in the past few months in the creation of stock values.

Practically speaking, however, regardless of the general course of business it is extremely likely that a great many market groups have already seen their best prices and that for them a period of more or less intermittent liquidation is likely to ensue. Stocks of the type of Foundation Company, American Brake Shoe, Woolworth, New York Cannery, Coca Cola, Ward Baking and a long list of others which were particularly affected by the break look cheap only in comparison with their high prices. Upon examination, however, it will be found that in relation to earnings and prospects they are even at these lower prices by no means sound from an investment viewpoint. We give a list of this type of stocks on the next page.

Issues of this type have been greatly weakened by their decline and are obviously headed for levels more in keeping with intrinsic worth. It would hardly pay the investor to buy such stocks merely because they had had a big decline. In cases of this sort, stocks which have had an initial big smash seldom recover immediately except on technical rallies and then are

likely to resume their downward course for a time until they straighten themselves out at a low level. There they remain for a considerable period, as a rule.

What is going on in the market is a natural breaking-up process following the much over-done advance since November. The force now at work is inexorable in its object and will continue to bear down heavily on most stocks which are selling out of proportion to earnings value. Stocks that are selling on prospects only should be carefully avoided as this is the type that has given the most trouble. A good dividend record, combined with satisfactory earnings over a period, and a strong financial position are in themselves the best recommendation for a stock. Where such are held, the investor need not fear for the outcome though, with continued general liquidation, he might be caused the unpleasant sensation of carrying his stocks down a bit.

Two Separate Movements

The market, once the initial effects of the big decline are over, should shortly separate into its customary group movements. Those groups which have already discounted prospects and earnings will continue slowly to decline until they reach an investment level. Others, which have not been touched by the late bull market, and which are in a favorable position will commence to attract the attention of investors and will rise in accordance with their prospects. Thus, we are likely to witness two separate movements in stocks, one up and the other down.

Of the groups which are in an uninviting position as having already over-discounted their future may be mentioned the following: merchandising including department stores, mail order and chain stores systems; public utility; business equipment; building; automobiles, tires and accessories; and food stocks. This should also include any of the more newly listed stocks which had large advances. Many of these advances were the result of pool manipulation, rather than good earnings and financial position. They ought to be left alone, for the time being at least. Of course, there will be exceptions in all these groups so that the final determination of value must rest on individual company analysis. Nevertheless, these are the groups which have had the largest advances and, consequently, they are the least attractive.

Among the more favorably situated groups may be listed: some of the rails; copper; petroleum, especially the more substantial companies; tractions (due to political influences); sugars, especially the bigger refining companies and packing companies. We have listed some of the more favorably situated stocks in the accompanying table.

The Period Ahead

Opportunities for profit on the rising side of the market, in the nature

of things, are likely to be far less numerous in 1926 than last year. Certainly, they are likely to represent groups which were not conspicuous in last year's market. Investors should pay increasing attention to the question of earnings, dividends and yield. For the most part, stocks which do not measure up from these viewpoints will be at a disadvantage. Hence, the investor should analyze his holdings carefully and cast out issues which do not carry themselves. The time is past, when investors should ignore the consideration of yield. Indeed, they should adhere to the policy of purchasing only sound investment issues, particularly those of long record and which have reasonably good prospects.

The damage caused by the exceptionally severe decline of February is such as to discourage fresh operations on the rising side. Pools have been intimidated by recent developments and, furthermore, have not the same access to unlimited credit as formerly. Banks are scanning collateral security holdings much more rigorously and it is not to be doubted that there are still a number of stocks yet to duplicate the sharp declines which took place in many of the leading speculative issues. Hence, the period ahead is fraught with considerable risk though the danger has already been lessened by the late avalanche.

For a time, at least, it would clearly be good policy for investors to

strengthen their investment position by eliminating their weaker stocks, even at a loss and preparing themselves to participate in the opportunities which will again exist in soundly established issues. In the meantime, for the more conservative investors, the bond and preferred stock markets offer a safe haven from loss.

A development of great significance in connection with the long-term trend of prices was the recent announcement of a Treasury offering of a half billion dollars in bonds at 3%, maturing in thirty years. They are not callable until 1946. This is the lowest rate at which long-term Treasury issues have been marketed since the Liberty Loan drives, the last previous rate having been 4%. The conclusion is that the Treasury Department expects money rates to decline over a long period of years and that the newly offered bonds will eventually sell at a premium. In past years, Government issues sold to yield less than 3%. If this is duplicated in the future, we may expect to see Liberties and other Government issues selling much higher than the present. This could not occur without raising the price on other classes of bonds. For the long-term investor there are now few better opportunities for investment than in the bond market. This holds good also of sound preferred stocks and that rather limited class of common stocks which are in a genuinely strong position.

Market Position of Leading Stocks

Stocks Which Have Had Their

Bull Market

	1926			Div. Yield	
	H	L	Recent	\$	%
Amer. Can	58	46	49	2	4.1
Amer. Brake Shoe	180	119	121	6	4.9
Am. Water Wks.	74	48	50	1.20	2.4
Brown Shoe	48	39	39	2	5.1
Cal. Packing	179	128	128	3	6.2
Coca Cola	161	133	137	7	5.1
Cushman	98	78	91	3	3.2
du Pont	238	211	213	10	4.6
Devco & Reynolds	104	85	86	2.40	6.6
Fed. Mining pfd.	105	61	68	7	10.6
Fleischman	56	45	47	2	4.3
Foundation	179	106	108	8	7.4
Gen. Electric	386	302	310	8	2.7
Gen. Rwy. Sig.	84	66	65	4	6.2
Int. Combust.	64	40	41	2	4.2
Kresge	82	50	52	1.20	2.3
Loose-Wiles	140	110	110	..	..
McCormack	121	80	82	1.60	1.9
Nash	66	55	56	..	..
Natl. Lead	174	154	154	8	5.2
N. Y. Cannery	84	39	42	2	4.8
Otis Elev.	129	115	115	6	5.2
Postum	124	85	88	4.40	5.0
Remington	127	96	100	..	..
Savage Arms	102	75	80	4	5.0
Schulte	138	118	118	8	6.8
Sears, Roebuck	241	199	198	6	3.1
United Drug	167	137	143	7	4.8
United Fruit	297	238	270	10	3.6
U. S. Alcohol	75	54	54	..	..
Ward "B"	85	55	62	..	..
Weber & Hell	85	55	56	4	7.1
Woolworth	222	170	174	4	2.3

Stocks Whose Outlook Is Still

Favorable

	1926			Div. Yield	
	H	L	Recent	\$	%
Am. Car & Fdy.	114	96	99	6	6.1
Am. Smelt.	144	120	124	7	5.0
Am. Sugar	82	74	75	5	6.7
Atl. Ref.	110	97	97	..	..
B. & O.	95	84	84	5	6.0
B. M. T.	69	58	60	3	5.0
Cerro de Pasco	69	58	63	4	6.4
Cal. Pete	38	31	31	2	6.0
Cluett-Peabody	68	64	64	5	7.0
Col. Carbon	69	56	61	4	6.0
Del. & Hud.	169	153	154	9	5.8
Fam. Players	122	104	116	8	7.0
Goodrich	70	61	62	4	6.0
Ill. Cent.	124	114	115	7	6.1
Int. Match pfd.	66	54	56	3.20	5.7
Kennecott	59	52	53	4	7.0
Lorillard	42	36	38	3	7.0
Marland	60	52	54	4	7.4
Mo. P. pfd.	89	73	74	..	..
Mont. Ward	82	67	68	..	..
Natl. Supply	63	56	60	3	5.0
N. Y. Cent.	138	121	122	7	5.8
Phillips	49	43	43	3	7.0
Reading	90	80	80	4	5.6
Royal Dutch	57	50	51	1.34	2.5
Sinclair	25	21	21	..	..
South Pacific	104	97	98	6	6.3
Stand. N. J.	46	40	41	1	2.3
Texas Co.	55	50	51	3	5.9
U. S. Steel	138	120	123	7	5.6
Union Pacific	150	143	143	10	6.9
Westinghouse	79	66	70	4	5.7
White Motors	90	74	75	4	5.3
Youngstown	90	75	78	4	5.1

An Inside Picture of What Is Going On in Washington

Has The Coolidge Administration Come Into Troubled Waters?

—The President Runs Foul of the Farmers—

By THEODORE M. KNAPPEN

QUITE aside from the ridiculous littlenesses that sometimes upset empires, it is no longer doubted at Washington that the Coolidge administration has come into troubled waters. Now that the tax bill is enacted, it is expected that the newspapers that are independent enough to do so, will begin to let their readers into the secret of the grave situation that now confronts not only the administration but the Republican party.

It's the economic question of the farmers.

In the sense of a compact organization there is less of a farm bloc in Congress today than there has been for twenty years. In the sense of a conviction of the desperate plight of agriculture as a whole and a determination to take some fundamental legislative act to relieve it, the farm bloc was never so ardent and aggressive, even though it may not be able to muster so many "regular" votes as formerly.

The misery of the most populous and hitherto the most prosperous and conservative agricultural regions of the West is greater now, according to their spokesmen, than at any time since 1896. They are convinced that it is possible to solve by congressional action the baffling problem of the many surpluses of agricultural products that have to find their markets abroad. They are determined that if President Coolidge and the Republican Congress do not take such action, to condemn and punish the party. This time, it is predicted, there will be no such composition of the storm as saved Coolidge in 1924. In that year the farmers found themselves grouped with Bolsheviks, communists, socialists, labor party and all sorts of isms and political fads. They voted themselves out of the unpleasant association by plumping for Coolidge. This year and in 1928 the farmers purpose to vote for their own interests and calculate that they united can attend to that job without the aid or consent of any imported political quacks or nostrums, white, pink or red.

Perhaps, it will help elucidate the situation if a paragraph should be given at this point to the export surplus problem that is the cause of all the trouble. The United States still produces more of some crops, especially the cereals and cotton, than it can consume. It is sound economic doctrine that a surplus of a commodity results

in a disproportionate effect on the price of the whole. Thus while only 100,000,000 bushels of an 800,000,000-bushel wheat crop may be exported the export price often virtually determines the price of the whole crop. That is to say, broadly, that foreigners who may not need 100,000,000 bushels of our wheat but will take it at a price establish their price, and that price becomes also the price paid by the domestic consumers who must have their 700,000,000.

Of course, the situation is quite different, as happens in some years, when the foreigners must have the American

surplus and bid against each other and the home people for it. As a rule, though, with the cereals, whenever America has a big surplus the world has plenty and the foreign consumer names the price for surplus and principal. In other words, the farmer then sells in world-competitive markets—at free trade prices.

The tariff on wheat is 42 cents a bushel but it does not help him a mill under such circumstances. On the other hand, directly or indirectly, practically everything the American farmer buys is American made or processed behind a high protective tariff. He



If the Farmers Create an Agricultural Party—

By Representative L. J. Dickinson of Iowa

(Sponsor of the Wilkinson Bill Which Takes the Place of the McNary-Haugen Bill)

LABOR is protected by the Immigration Law
if not by the protective Tariffs.

Industry is Protected by Tariffs.

Finance is Protected by the Federal Reserve Act.

All are the works of the Federal Government.

Agriculture, in respect to its great staples, is protected by nothing.

It demands now equal protection. If it does not get it political revolt and a new partisan alignment of farmers impends. There may be a new party—an agricultural party; or one of the old parties may become the champion of agricultural equality.

There are 37 states in which agriculture or raw production in some form is the major interest. The farm vote is still a potentially dominant factor in national politics. If a new alignment comes the agricultural South will naturally unite with the agricultural West. We are going to have the fourth and last leg necessary to the stability and equality of the protective system. My mail is full of letters that show that the farmers are willing to forget old party ties in favor of their indubitable economic interests. As a Republican I maintain that party should major for agriculture for a few years and even up its record of economic construction. If it does not there is dire danger of loss of the next House and ejection from the White House in 1928. We are at the cross-roads!

is the goat of that sacrosanct doctrine. He sells at a ruinous price and he buys at a ruinous price. He now asks that the government shall handle his surplus so that he shall be protected in his selling as well as the manufacturer. Cutting it very short, the farmer wants the government to establish and financially start some agency that will purchase the surplus each year there is one in the staple crops and dispose of it. A fair price is to be paid for the surplus. The loss in reselling it abroad is to be charged back to the farmers, who figure that they can easily stand that loss as against the profit from the bulk of the crop. It's a scheme that can hardly be worked without governmental authority and administration, though, conceivably without other than administrative cost to the government.

"This government—committed to the doctrine of protection—has found a way to protect everybody but the farmer," partisans of this proposal say; "we have found a way to protect even him and it is up to the government, in all fairness, to adopt it."

Failure of Congress to enact the Dickinson bill which is the latest form of surplus legislation will undoubtedly result in tremendous political disaffection in the Republican middle west, and probably, in immediate political revolt. The administration has gone so far as totally to accept the shell of the bill but not its kick. Some western Republicans still hope that it will accept the whole. Vice-President Dawes favors the new protection scheme, skin and tail, but hasn't much influence with the administration.

The chances are that Coolidge will stand firm in his opposition. It is con-

fidently assumed in Washington that if he does, he is "through." The Republicans would not dare to renominate him, and if they did, the election, it is held, would be a mere proforma affair for his opponent. So, when you read some wiseacre's "column" that President Coolidge is sure to have a third term add it to the list of news that isn't fact.

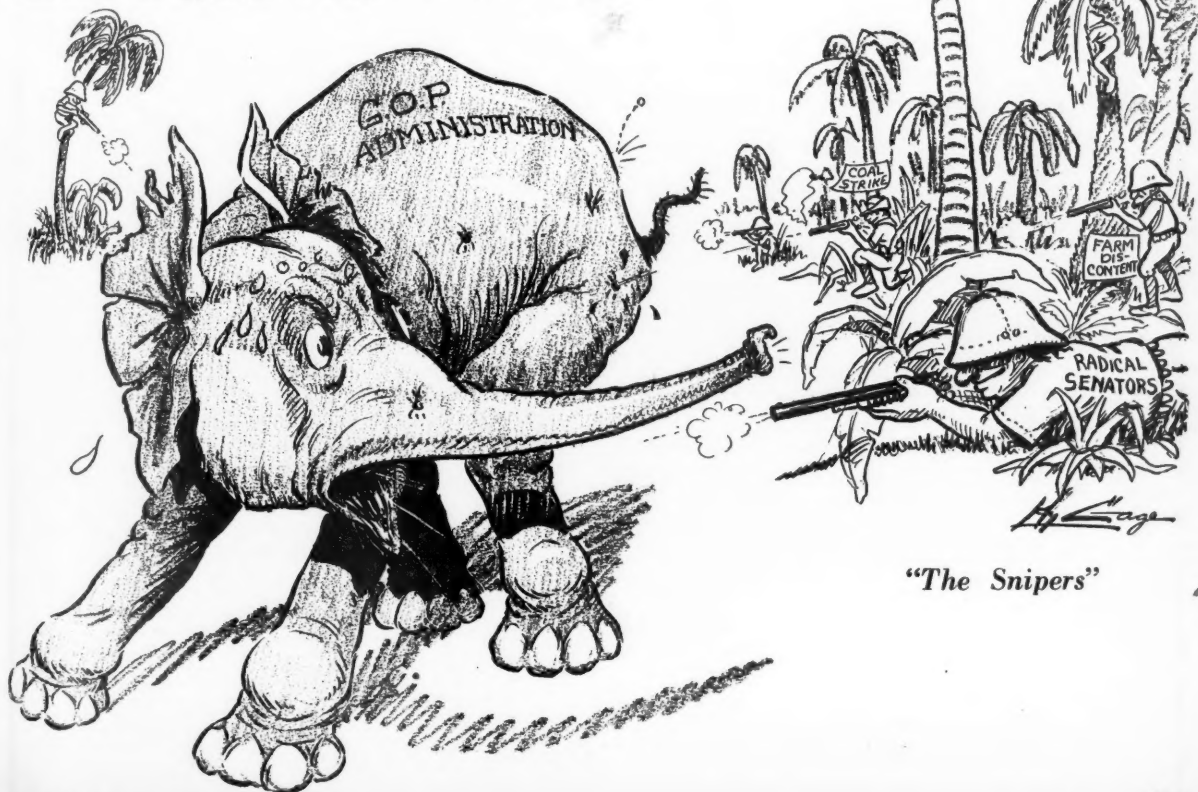
How many eastern people know that the West was staggered by President Coolidge's speech before the American Farm Bureau Federation at Chicago in December? How many know that he followed up this notorious faux pas with a telegram to a great Iowa state conference on the corn surplus situation that he stood pat on his Chicago speech? How many know that when the 11-state conference on the same subject convened recently the chairman contemptuously declined to read the telegram from the President? How many eastern people know that there isn't a congressman from the upper Mississippi valley whose mail is not larded with denunciations of Coolidge?

Throughout the nation's bread basket they are openly talking the formation of an agricultural party which shall consolidate the agricultural interests as against the industrial interests. The West and South are to unite in align-

ment against the East. Although there are now more urban than rural people the rural interest will carry its own cities with it. The farmers can still control politics if they unite. Republican members of Congress who have stood every storm that has assailed the G. O. P. without turning a hair of their loyalty are openly saying that the parting of the roads has been reached. Assuming that acceptable action on the surplus problem is not taken, control of the House is expected to go to the Democrats at the fall elections. That it is considered would be the end of Coolidge in any event, for he would wind up his present term with two years of futility.

Instead then of a serene and beautiful future the administration is confronted by the dilemma that if it does not reverse and stultify itself it is headed for repudiation, taking the Republican party with it; whereas sur-

render to the farmers means the redemption of the Administration and perhaps the continuance of the party in force.



"The Snipers"

Opening a New Door to Investment Opportunity

What the Port Authority Plan Will Do for the More Important Companies Operating in the Metropolitan District of New York

By JACKSON MARTINDELL

WHY did the States of New York and New Jersey create the Port of New York Authority?

By way of answering this question, let us suppose that a merchant doing business in the outskirts of Long Island City has ordered a carload of Grand Rapids furniture and shipment is being made over the lines of the New York Central Railroad. If we were to follow this shipment, we might eventually find it coming down along the east shore of the Hudson River toward the Atlantic seaboard. At such time as it reached New York, it would be switched into the Central's Sixtieth street freight yards which are close to the business center of Manhattan. It would then be a question of the freight car and its consignment of furniture securing lighterage accommodations for a journey by water. Once aboard the lighter, it would be carried down the Hudson, around the

Battery and up the East River, finally reaching its destination by way of the Long Island Railroad.

The point that should be brought out is—this shipment of furniture originating in Grand Rapids and consigned to a Long Island merchant would have unnecessarily traveled within the congested district of Manhattan for a distance of over eight miles by rail and eleven miles by water, the movement requiring more than two days within the City limits of New York alone!

A glance at any railroad map plainly indicates that a carload of merchandise coming down along the Hudson from any point in the West might easily reach Long Island City over direct rail connections. It is both possible and practical (this routing was used during the war) for the New York Central to move such traffic over the lines of the New York Connecting

Railroad for a distance of less than sixteen miles. By using this alternate route, merchandise can be delivered without ever having entered the congested districts around New York, and without the necessity of being lightered down one river and up the other. There is a pronounced saving both in the time required and the distance traveled which means lower transportation costs.

Public Regulation

But all this has been known for quite some time and what has been done about it? The merchants affected by such costly shipping methods have complained bitterly but to no avail. The New York Central has taken the position that present rates over the New York Connecting Railroad are prohibitory. This may be true. In the final analysis, however, it is a

Some Companies That Will Be Affected by the Comprehensive Plan of the Port Authority

Company	Effect of Plan
N. Y. Connecting R.R.	Will be opened for use by the New York Central. May eventually be taken over by the Port Authority as part of middle belt lines. Traffic should increase enormously.
N. Y. Central R.R.	Some privileges and advantages will be lost, but others gained. Costly improvements must be made by this road in the port district.
Pennsylvania R.R.	No longer have exclusive use (with N. Y., N. H. & H.) of New York Connecting R.R. Will benefit from proposed tunnel under Upper Bay.
N. Y., N. H. & H.	See remarks for Pennsylvania R.R.
Long Island R.R.	Will benefit from the tremendous development that should take place in Long Island.
Cent. R.R. of N. J.	Serves a very large part of the territory along the Jersey coast which should develop rapidly.
Erie R.R.	Should benefit from fact that branch lines serve an unusually large part of the district.
Pub. Ser. Corp. of N. J.	Serves nearly half of entire territory within the district. Cannot help but be favorably affected.

Company	Effect of Plan
Baltimore & Ohio	Only railroad serving Staten Island which is in line for marked development. The Staten Island mileage may eventually be taken over by Port Authority for middle belt system.
Lehigh Valley	Waterfront mileage of this road may form part of inner belt system.
Reading	Plan will only be of general favorable effect.
N. Y. Dock Co.	Plan will scarcely improve the situation of this company to any extent. See text.
Bush Terminal Co.	See New York Dock Co. and text.
Con. Gas Co. of N. Y.	Cannot be expected to benefit from Plan (see text).
N. Y. & Rich. Gas Co.	Should benefit to great extent as company serves Staten Island.
L. I. Lighting Co.	Its territory should be in line for marked increase in population.
Queens Bor. Gas & Elec.	Effect will be very general in character.
Brooklyn Union Gas	Some increase in revenues should result from plan but no marked improvement.
Brooklyn Edison	See Brooklyn Union Gas.
Del., Lack. & Western	Only indirectly affected by improved facilities in the district.

Illustrating Features of
COMPREHENSIVE PLAN for CO-ORDINATING
RAIL and WATER FACILITIES



case of competing railroads being unwilling to co-operate for the common good—a plain indication of the need of supervisory authority being vested in one local public agency having no selfish interest but a complete understanding of what should be done for the benefit of all concerned.

It was for the purpose of solving many existing freight transportation problems such as the one outlined above, as well as providing for the proper future development of the Port of New York, that the States of New York and New Jersey entered into a Compact in 1921 creating the Port of New York Authority and the Port of New York District. The Port District consists of defined territory in which the Port Authority has jurisdiction. The Compact between the two states was approved by the Congress of the United States in August, 1921.

While there is little material significance in the fact, it is nevertheless interesting to note that a Port of London Authority has been in existence since 1909, and the Port of New York Authority has obviously been patterned after it in a great many respects. The only two marked points of dissimilarity are the lesser number of commissioners and the broader powers of the Port of New York Authority.

The Port Authority is composed of six commissioners (three from each state) and at the present time, they serve without compensation. Administrative expenses and the costs of detailed investigations are currently being met by contributions from each state which will continue until such time as revenues from operations are sufficient to cover expenditures. The six commissioners, of which two from each state constitute a quorum, have the power to purchase, construct, lease and operate any terminal or transportation facility within the Port of New York District. They can fix the charges for the use thereof and can borrow money by bonds or mortgages on property held or about to be acquired. The Port Authority has no rate-making power, however, except insofar as its own projects are concerned. *It cannot pledge the credit of either state, and therefore must be able to prove the economic practicability of all its undertakings. Therein lies the safeguard against inefficiency and extravagance.*

The Compact between the two states provides, further, that the Port Authority may petition the Interstate Commerce Commission, and public utilities commission, or any administrative judicial or legislative authority for any change that may be designed to improve the handling of commerce in the port district. It may also intervene in any proceedings affecting the commerce of the port.

It has long been recognized

that freight traffic conditions in the Port of New York affect both the States of New York and New Jersey, and it was the public realization of this fact that enabled the two states finally to agree to co-operate in future developments by means of a common agency. At the same time, it was decided that The Port of New York should be construed as all territory commonly affected or likely to be commonly affected for many years to come. Thus the Port of New York District not only includes New York City and immediately surrounding territory, but also a large part of inland New York and New Jersey. *It embraces the whole or parts of sixteen counties and 185 municipalities. It has over 800 miles of water front; handles more than one-half of all our foreign commerce; and contains more than one-twelfth of the entire population of the United States.*

Comprehensive Plan

The Port of New York Authority has been established for approximately five years. During this period a great deal has been accomplished considering the difficulties that had to be met. The initial Compact between the two states provided that no powers were to be exercised by the Port Authority until a Comprehensive Plan for the development of the Port District had been agreed upon by the legislatures of both states.

A Comprehensive Plan was approved in July, 1922. Behind this plan

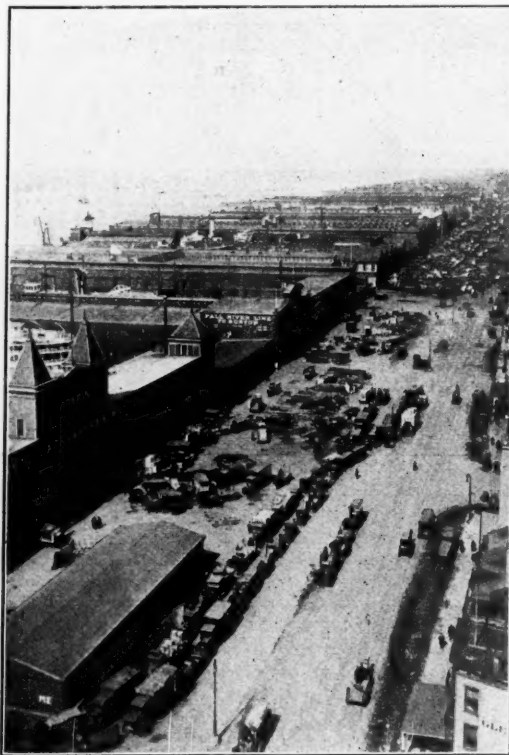
and underlying all its principles is the simple factor of linking up all the terminal facilities in the port district so that shippers may have available the services of all the transportation agencies entering the district. Specifically, the Plan calls for a tunnel beneath the Upper Bay, providing rail connections between the New Jersey shore and the Brooklyn shore; two bridges between the Jersey shore and Staten Island; bridges or tunnels between the island of Manhattan and the Hudson shore on the Jersey side; an outer belt railroad line; a middle belt line; numerous water front belt lines; an automatic electric underground freight system; and a series of union terminal stations distributed over Manhattan. The locations of most of these projects are sketched on the accompanying map. While each phase of the plan is interesting in all its details, they are too numerous to be covered in this article.

Until now, most of the work of the Port Authority has necessarily been of a general character due to the fact that plans had to be drawn and credit had to be established before large scale undertakings could be handled. Something has already been accomplished, however, in the way of improving existing facilities. Along the west side of the Hudson River, a consolidation of three short rail units has been effected, and twenty-two different class rate scales have been reduced to one. According to Julian A. Gregory, Chairman of the Port Authority, this has resulted in a saving of over \$6,000 annually in the freight charges of one organization alone.

It has long been planned to acquire the Hoboken Shore Road from the War Department through an exchange of securities and it is evidently planned to make this an integral part of the water front belt line along the Jersey side of the Hudson. During the past year, the Port Authority also brought proceedings before the Interstate Commerce Commission and the Public Service Commission of New York to compel the New York Central and the New York Connecting Railroad to reach some understanding so as to relieve Manhattan of unnecessary freight traffic. This point has already been discussed. Hearings before the commissions are being held at the present time.

Method of Financing

It is the intention of the Port Authority to do its initial public financing through the medium of a \$14,000,000 twenty-year bond issue, which will in all probability bear a 4½% coupon rate and sell several points below par. The security will undoubtedly be one of the most unusual offerings ever made to the American public. (Please turn to page 942)



The Port of New York is the gateway to the United States. Here may be seen ships from all parts of the world, from old-fashioned square-riggers, hailing from Bombay, to the enormous Majestic.

Public Utility Bonds Soon to Become "Legals" in New York

Long Agitation Pioneered by The Magazine of Wall Street Near Success
—Profit Opportunities for Investors May Result from Enactment

TWO bills, sponsored by the savings banks of New York State, are pending before its legislature. One provides for the authorization of certain telephone bonds as legal investments for savings banks, and the other for authorization of electric and gas bonds, under somewhat different standards.

This progressive development has been agitated for a long time, but the last year has been characterized by wholesale endorsements all the way from the Investment Bankers' Association to associations of local trust officers. In other words, the entire responsible financial community is now agreed on its desirability. Hence, it is believed that with such sentiment prevailing, the legislature will enact the measures.

But this great advance did not always have many and powerful friends. In 1922, when most excellent utility bonds belonged to the great neglected, THE MAGAZINE OF WALL STREET began this now nation-wide agitation. It was a period of high interest rates, which had to be followed by lower interest rates. Experts realized the plight of the savings banks when that time should arrive. They also realized that the prejudice in favor of railroad bonds to the exclusion of public utilities of equal merit was a mere survival from the remote past.

Legalization of highest grade telephone, gas and electric bonds in New York State throws open to such investment about \$1,200,000,000 in available funds.

At least half of this amount should find its way into public utilities within three years. But this amount is only a small part of the story. Once utilities are legal in New York, conservative investors throughout the country will regard such investments as standard, and, hence, the ease with which these securities will be marketed in the future, will reduce their yields and increase the price at which bonds now outstanding are selling.

New York absorbs about a fourth of the investments of the country, and, as the principal distributing point for securities, has still greater importance. Opening up the savings banks to such investments would have strength not only on its own account, but more especially when it is remembered that, in varying degrees eleven states now permit such investments by savings banks. These are, California, Connecticut, Colorado, Maine, Massachusetts, Michigan, New Hampshire, New Mexico, Ohio, Rhode Island and Vermont. With New York added, the rest of the Union should soon follow suit.

The immediate effect of this enactment will undoubtedly be to increase the price of such public utility bonds as will qualify. An equally immediate effect should be the bidding down of such railroad bonds as are overvalued because of the favored position they enjoy as legal investments. Consequently, a levelling process will take place, which will make it possible to compare railroad and public utility bonds, quality for quality.

It will be noted that traction bonds, interurban bonds, water bonds and holding company bonds are not included in the list of utility securities to be made available to savings banks. Certainly, as a beginner, this is wise. Holding companies are also excluded by the provision that any bond to be authorized must be an obligation of a company subject to some Public Service Commission or the Interstate Commerce Commission.

Telephone bonds, to qualify, must show that the fully paid capital stock of the issuing company shall at all times be equal to at least two-thirds of the total debt secured by all mortgage liens on any part or all of the property. This provision has three bases: first, to assure an adequate capital for the enterprise; second, to provide against topheavy capitalization with too heavy a burden of fixed charges; and last, to buttress the security of the mortgage by having a large junior equity back of the bonds. In this way the bondholder is insured against "holding the bag."

Telephone bonds must have shown payments on principal and interest of all debt, whether direct, assumed or guaranteed by the issuing company, for eight years preceding investment; and, if the company is less than eight years old it must never have defaulted. Net earnings for the five years preceding must have averaged at least twice all then interest requirements, and for the year preceding investment at least
(Please turn to page 946)

An Interesting Comparison

—It is to be noted that although on the average, public utility bonds of the same merit as rail issues yield considerably more, still the very best in public utility bonds though not yet "legal" in New York, have already surpassed quality bonds of great railroad systems as to price. This indicates the supreme desirability of public utility bonds when they measure up to the standard of the proposed New York laws.

Railroads

	Yield %	Times Int. earned 1924
Northern Pacific, Refunding and Improvement Mortgage, "B" 6s, 2047.....	5.47	2.08
Louisville & Nashville, First and Refunding Mortgage, 5½s, 2003.....	5.07	2.31
Buffalo, Rochester & Pittsburgh, Consolidated Mortgage, 4½s, 1957.....	5.27	1.37
Baltimore & Ohio, Refunding and General Mortgage, 6s, 1995.....	5.65	1.65

Public Utilities

	Yield %	Times Int. earned 1924
Cleveland Electric Illuminating, First Mortgage, 5s, 1939.....	4.64	4.43
Commonwealth Edison, First Mortgage, 5s, 1943	4.77	3.23
Detroit Edison, First Mortgage and Colonial Trust, 5s, 1933.....	4.75	3.00
Newark Gas, First Mortgage, 6s, 1944....	4.96	2.41

Artificial and Real Markets for Securities

What Is Marketability?—Which Are the Markets?

By LELAND M. ALDRICH

CONDITIONS in the investment market have changed during the past few years. Although there are many reasons for this, no doubt a desire to improve them has been the main stimulus backed by an ever increasing interest in investment affairs on the part of the general public.

Only a short time ago, we can remember when the average sale of bonds used to be \$10,000, with sales limited to a comparatively select group of the investor class who were regarded as "bloated bond holders." Recently the average sale was computed at \$3,000, and I believe that we are fast approaching the \$1,000 average sale.

Thus the scope of the investment field has widened considerably. With this progress there has developed a certain demand on the part of the public that its investments must measure up to certain requirements, and the purpose of this article is to consider the marketability feature.

Those who are engaged in the selling of investments, whether bonds or stocks, know that the foremost requirement that the public demands of its investments nowadays, along with the time-tested standards of management, earnings, and yield—is that of marketability. When the investment house offers a new issue to a client or makes an investment suggestion, almost the first question he will ask is: "Is it listed anywhere?" or "Can I see a quotation on it once in awhile?" Your Mr. Investor likes to put on his slippers and his house coat after supper, sit down in a comfortable chair and see a few appraisals of his principal. His logic seems to be that if the market for his holdings is appreciating, well and good, but if some of his holdings are off, why the worst is known under existing conditions. This latter idea forms the precedent whereby he can judge what his pets will do under a given set of conditions.

The public in general has a comfortable feeling, as a general rule, when it owns a listed security. But time and analysis have proved that a security that is listed may have an artificial market which may

One of the great factors in purchasing securities is "marketability." Yet probably less is known of this phase of investing than any other. The purpose of this article is to describe the various types of markets and to show when the market for a security is genuine and when it is spurious. The author has had extensive experience with markets of all types and his statements may be considered authoritative.

prove rather false; or, that a quotation may look good on paper but amount to very little when it comes to actually conducting business on the basis of the given quotation.

The question then arises as to how the ordinary individual is to know or be able to discern a real market from an artificial market. In order to treat the subject concisely we must divide our subject into groups and consider them separately as to their main characteristics. I would name the following groups of markets as the ones most important to consider: nominal, restricted, syndicate, over-the-counter, and listed markets.

The Nominal Market A nominal market is not a very common term. Its meaning is implied in its name. This term is generally applied to securities which have a doubtful market, if any at all. Moreover, it is a market with more or less guesswork attached to it and this is true mostly because it deals with securities which are on the down grade or are just coming back after a depression in the industry they represent. For instance, a preferred stock may pass the dividend and the market may drop from 100 to around 50 or thereabouts. There may not be sufficient information concerning the trend of the

company's earnings or its prospects for anyone intelligently to make or quote a real market, so the broker will tell you that the "nominal market" is about 50 bid and offered at 60. If it should develop that stock could not be bought for less than 70 or sold for more than 45, this is no reflection on your broker since the so-called nominal market is the poorest kind of a market that exists.

The Restricted Market The next type of market is a restricted

market. The market for a certain security may be limited for various reasons. The security may be that of a corporation whose activities are concentrated in one locality. If it is not a large concern, its

securities may not be very well known elsewhere. Consequently the market would normally be in the locality where it is best known. Buyers elsewhere might hesitate to invest in such a security because of lack of knowledge concerning its merits.

Another type of security which very often has a restricted market is one that is issued by a single firm as underwriter. Unless this firm either lists the issue or enlists the assistance of another house or houses in the distribution of the issue, the market is limited mainly to the ability and willingness of the underwriting house to make a market for the security. Very often a first class issue intrinsically will be hurt by the manner in which the market for same is handled by its sponsors. Another reason for limited markets is that a majority of the issue is owned or controlled by a few insiders who know most of what is taking place in the affairs of the company, and are, therefore, better qualified to know what is the real market for the stock. In many cases of this kind, it is not a good plan for an outsider of small means to invest in a security of this kind because if he happens to get short of funds, he may find difficulty in realizing proper value for his security holdings owing to the limited number of buyers. This brings us to a discussion of another important type of market which is understood to a (Please turn to page 948)

The article on the Effects of the Immigration Act, scheduled for this issue, has been postponed until the March 27 number.

15 Roads Originating the Largest Percentage of Their Freight Traffic

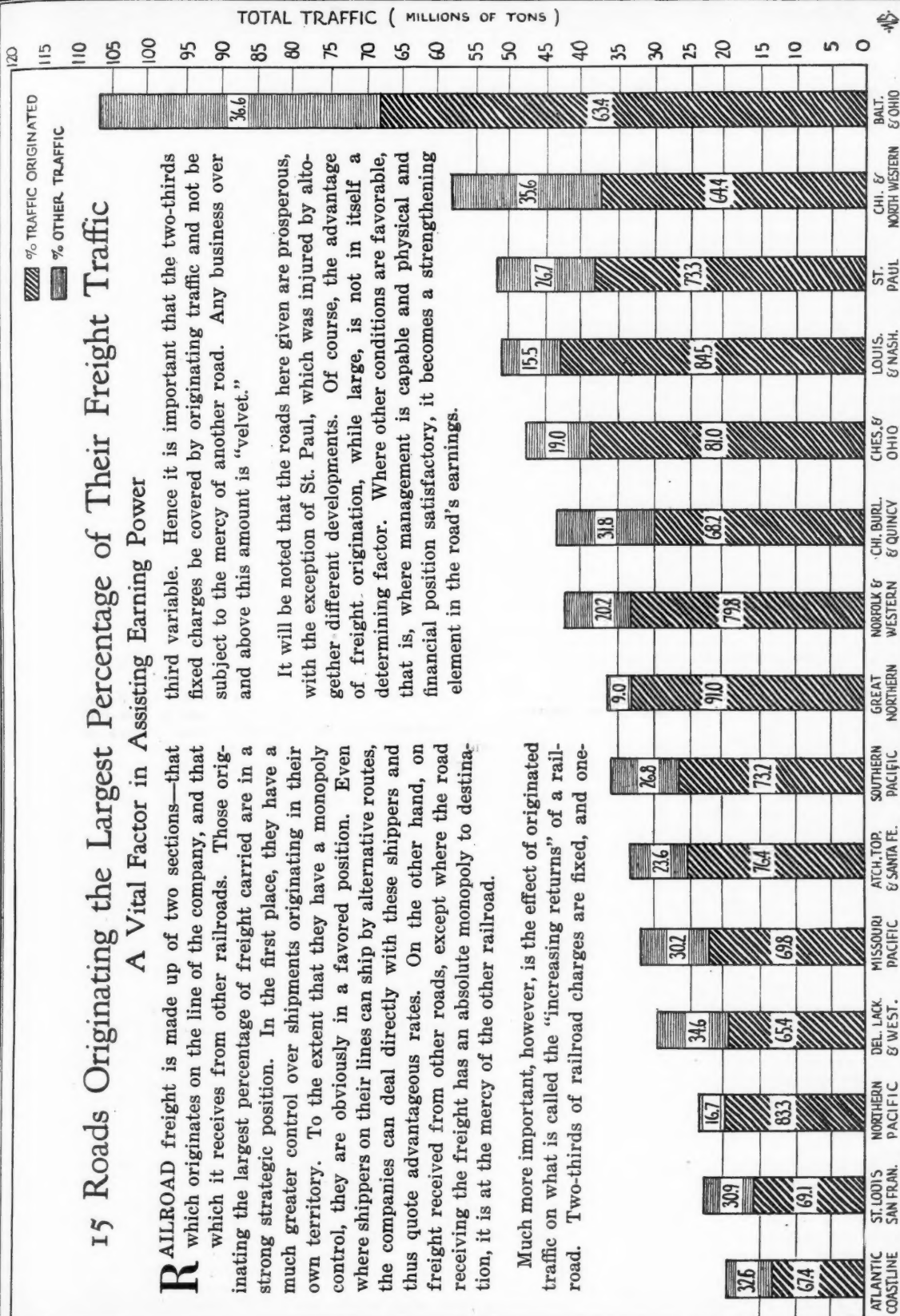
A Vital Factor in Assisting Earning Power

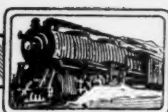
RAILROAD freight is made up of two sections—that which originates on the line of the company, and that which it receives from other railroads. Those originating the largest percentage of freight carried are in a strong strategic position. In the first place, they have a much greater control over shipments originating in their own territory. To the extent that they have a monopoly control, they are obviously in a favored position. Even where shippers on their lines can ship by alternative routes, the companies can deal directly with these shippers and thus quote advantageous rates. On the other hand, on freight received from other roads, except where the road receiving the freight has an absolute monopoly to destination, it is at the mercy of the other railroad.

Much more important, however, is the effect of originated traffic on what is called the "increasing returns" of a railroad. Two-thirds of railroad charges are fixed, and one-

third variable. Hence it is important that the two-thirds fixed charges be covered by originating traffic and not be subject to the mercy of another road. Any business over and above this amount is "velvet."

It will be noted that the roads here given are prosperous, with the exception of St. Paul, which was injured by altogether different developments. Of course, the advantage of freight origination, while large, is not in itself a determining factor. Where other conditions are favorable, that is, where management is capable and physical and financial position satisfactory, it becomes a strengthening element in the road's earnings.





Some Striking Opportunities Among Railroad Preferreds

This Section of the List Worthy of Careful Study by Investors

WHATEVER their relative merits, few of the railroad preferred stocks may really be described as unseasoned in the sense of age. This statement is based, of course, upon the obvious fact that new railroad preferred stock issues have been few and far between for several years.

First, there was the war which brought federal control of the transportation system, when all public financing of the carriers was halted. Neither stocks nor bonds were floated during this period. Then followed the era of recovery from government supervision, the uphill struggle against inflated operating costs and inefficiency and the slow rehabilitation of railroad credit.

For many years, the carriers were unable to secure new capital except through the medium of bond issues and it has only been within very recent times that railroad preferred stocks have appeared at all among the list of new security offerings.

Railroad preferreds have thus received little attention because those which are in existence are taken more or less for granted. Recruits to the ranks have been the exception, hence, the whole group has received little advertising and public interest is more or less passive in comparison with that aroused through the steady outpouring of public utility and industrial flotations.

The time seems fast approaching, however, when the railroads will again be able to finance expansion and betterment programs through the sale of common and preferred stocks. The excellent earnings of the past three years have vastly improved their credit standing and restored investment confidence. The roads themselves are unquestionably anxious to improve their capital structures by bringing about a smaller ratio between bonded debt and stock issues.

In the earlier days of railroad history, financing was usually accomplished through common shares, a type of financing essential to continued stability of railroad finance. About the beginning of the present century, the method of raising new capital took the form of preferred stock offerings and, in this period, many of the higher-grade investment preferreds came into being.

Others have been brought forth from

time to time during more recent years, but several of these were the result of reorganizations rather than new financing on the part of established roads. Only a few of the strongest carriers, such as Illinois Central, Chesapeake & Ohio and the Nickel Plate, have had the temerity to offer preferred stocks to the investing public.

In consequence of this dearth of new issues, the list of such stocks reads like a roll call of the ancients. The old line, high-grade shares have tended to gravitate into the hands of large investors and institutional holders who are less disposed to stress yield than safety. Thus, the average investor has been compelled to compete against such buyers to his disadvantage. That is to say, the high-grade rails offer the small investor a minimum income return, under present-day conditions, which in average cases tends to detract from their desirability.

Gilt-edge preferred stocks, like Norfolk & Western, which has paid dividends continuously for nearly three decades, has come to be so highly regarded by large investors that it yields less than a great many investment bonds. Others, such as Union Pacific and Atchison, afford a slightly more generous return but, here too, the yield is woefully low from the viewpoint of the investor whose income needs are exacting.

The long dividend records of such roads, the high assets values back of their preferred shares and the resultant security of principal will appeal to large investors who may be justified in purchasing such low-yield stocks for the purpose of diversifying their holdings. Where yield is a greater consideration, however, substantially the same ends may be accomplished by commitments among preferred shares of the type represented by Chicago & Northwestern or Baltimore & Ohio.

The choice of investments is not confined to these higher-grade types, however. There are higher yield preferred stocks like Kansas City Southern, Pere Marquette and Colorado & Southern, not so strongly protected, but still entirely sound, which afford a considerable range of choice for the less conservative investor.

Finally, there are many which combine generous yield with reasonable possibilities for price appreciation, including the Rock Island issues, St.

Louis-San Francisco and St. Louis Southwestern. For the speculatively inclined, some of the non-dividend payers are promising.

The list is rather too lengthy to be discussed in detail, however. Therefore, each preferred stock in the accompanying table has been given a rating with appropriate comment to aid investors in deciding which particular issues will best serve their own peculiar requirements.

It should be understood that these ratings are not intended to be entirely exact. In other words, no attempt is made to differentiate between stocks belonging to the same broad investment or speculative groups. As may be inferred from what has already been said in the preceding discussion, the entire group may be divided into three main classes, namely, high-grade, medium-grade and speculative.

Accordingly, those which are to be classed among the highest-grade investments have been rated (A1). These are the issues which sell solely upon the basis of income return and hence fluctuate in market value under the same influences that govern bonds. Those which are very nearly as high-grade, but whose earning power has suffered temporary recessions or whose dividend records have suffered minor irregularity, are rated (A2). The medium-grade preferreds are divided into two classes, (B1) and (B2), the value of each rating being sufficiently obvious to require no comment. Speculative stocks are all grouped under the one general rating (C).

It will be noted that these ratings are independent of the comment so that intending purchasers of any issue should determine first whether they desire an investment or speculative stock and then refer to the comment to decide whether or not that particular issue is desirable.

For example, Norfolk & Western is a high-grade security and therefore has been rated (A1). For the average investor, however, the yield is too low to be attractive and hence some other issue might better be selected for income. Similarly, Missouri Pacific preferred is rated (C), indicating that this stock is a speculation. By referring to the comment, the reader will note that it is favorably regarded as such, due to the company's growing earnings and prospects for dividends in due course.

How Leading Listed Railroad Preferred Stocks Are Rated

Issue	Par Value	Div. Rate \$	Call Price	Continuous Divs. Paid—Full Rate (Yrs.)	Earned \$ per Share 5-Yr. Ave.	*1925	Recent Yield Price %	COMMENT (See Text)
Atchison	\$100	\$5	N. C.	None	26	33.26	39.1	96 5.2 Fairly attractive (A1)
Balt. & Ohio.....	100	4	N. C.	None	26	23.82	35.0	70 5.7 Attractive (A2)
Bangor & Aroost.....	100	7	Cum.	110	8	16.99	20.5	100 7.0 Attractive (B2)
Ches. & Ohio.....	100	*6½	Cum.	115	b3	c78.55	94.4	123 5.2 Fairly attractive (A1)
Chi. Mil. & St. Paul...	100	7	N. C.	None	d	def.	nil.	20 — To be avoided (C)
Chicago & Nor West...	100	*7	N. C.	None	*48	30.81	46.6	110 6.4 Attractive (A2)
Chi. Rock Is. & Pac. ...	100	*7		105	8	10.89	13.4	100 7.0 Attractive (B2)
Chi. Rock Is. & Pac. ...	100	*6		102	8	9.89	12.4	88 6.8 Attractive (B2)
Colo. & South. 1st....	100	4	N. C.	-100	9	39.06	41.6	66 6.1 Attractive (B1)
Colo. & South. 2nd....	100	4	N. C.	100	9	13.19	37.6	59 6.8 Attractive (B2)
Erie 1st	100	4	N. C.	100	h	11.76	14.1	44 — Limited attractiveness (C)
Erie 2nd	100	4	N. C.	100	h	17.22	30.1	41 — Limited attractiveness (C)
Gulf, Mob. & North....	100	*6	Cum.	None	2	7.11	10.3	102 5.9 Attractive (B2)
Illinois Central	100	*6	N. C.	*115	b3	m65.78	55.2	119 5.0 Yield rather low (A1)
Kansas City Sou.....	100	4	N. C.	None	19	10.94	14.0	63 6.4 Attractive (B1)
Minn. St. P. & S. S. M.	100	7	N. C.	None	n	1.89	16.5	75 — Could resume divs. (C)
Mo.-Kan.-Tex.	100	*5		110	1	27.17	25.2	92 5.4 Attract. for long pull (B2)
Missouri Pacific	100	*5	Cum.	107½	p	4.38	10.7	84 — Attractive speculation (C)
N. Y., Chi. & St. L....	100	6	Cum.	110	3	20.88	25.0	99 6.1 Attractive (A2)
Norfolk & Western....	100	4	N. C.	None	28	77.06	115.5	84 4.8 Yield too low (A1)
Pere Marquette Prior..	100	5	Cum.	100	8	42.79	56.9	85 5.9 Attractive (B1)
Pere Marquette	100	5	Cum.	100	4	34.06	46.8	77 6.5 Attractive (B2)
Reading Co. 1st.....	50	2	N. C.	50	23	24.45	29.5	41 4.9 Yield too low (A1)
Reading Co. 2nd.....	50	2	N. C.	50	22	14.96	18.3	41 4.9 Yield too low (A1)
St. Louis-S. F.....	100	6	N. C.	100	1	56.49	102.6	86 7.0 Attractive (B2)
St. Louis So. West....	100	5	N. C.	100	3	12.97	12.0	77 6.5 Attractive (B2)
Seaboard Air Line....	100	*4	N. C.	None	—	2.63	10.8	48 — High enough for pres. (C)
Southern Rwy.	100	5	N. C.	100	3	22.11	37.6	91 5.5 Attractive investment (A2)
Union Pacific	100	4	N. C.	None	26	35.61	38.1	77 5.2 Fairly attractive (A1)
Wabash "A"	100	*5	N. C.	110	1	6.45	11.5	74 6.8 Attractive (B2)

*—Partially estimated.

a—Convertible into common share for share.

b—Issued in 1922.

c—Four year average.

d—Paid div. for 18 years prior 1917.

e—After \$7 on common, pfd. and com. receive \$3 additional

and then share alike.

f—Div. reduced to \$5½ in 1920 and restored in 1921. Paid

extras in '82, '83-'85 and '03-'19.

g—Cum. up to 5%.

h—None since 1902.

j—20% in back divs. due.

k—After Sept. 1, 1927.

m—Two year average.

n—Paid 7%, 1903-'21; 4% in 1922; 8% in 1923; none since.

o—After 7% on common, both issues share alike.

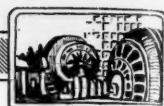
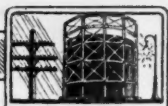
p—7% Cumulative after Jan. 1, 1923.

q—Divs. 37½% in arrears.

r—Receives 2% additional after 4% on common.

s—After 5% on pfd. B and common, pfd. A shares equally

with common.



Southern California Edison Company

Stock Split-up Impending

Tremendous Capital Expenditures Planned for 1926—
Florence Lake Tunnel as a Factor in Stabilizing Earnings

SOUTHERN California has arrived. It has completed that early stage of development which was based on real estate booms and exploitation of climate. These two factors will always play a part, to be sure, but they are no longer dominant.

Southern California is now an important industrial area. Oil development, such as at Long Beach near Los Angeles, intensive agricultural growth, as well as commercial and distributing facilities have added to the industrial picture. There can be no question that Southern California has now a permanent place in American economic life in the same manner as the older districts in the East. Southern California Edison, therefore, cannot any longer be measured by the other yardstick. Its tremendous development was always re-

garded with a certain degree of skepticism in the past. It can now be compared exactly with older eastern utilities on an investment basis.

Size of Its Operations Impressive

Southern California Edison is undoubtedly one of the most important utility systems in the country, and as an operating public utility (which it is, primarily) is hardly surpassed by more than a baker's dozen of companies. It operates in two counties in Southern California. Territory served is 55,000 square miles, or more than the combined areas of Holland, Belgium, Switzerland and Denmark. Population has now surpassed 2.6 millions.

There are few operating public utilities that serve a larger concentrated

population. Population growth is at a startling rate. Industrial and commercial growth is at an even faster rate. Unlike the rest of the United States, the very farms have increased by about 15% in the last five years. They now number 54,000. Largely due to the use of electricity in irrigation, especially in pumping, the average size of farms has been reduced from 170 to 150 acres. Hence, a somewhat similar farm area is being more intensively and efficiently cultivated. A large part of area served is not yet irrigated with electrical aid, so that a considerable development in consumption in the future may be expected from this source.

Character of consumption illustrates forcibly where future demand will be largest. Population growth was reflected in increased connected load for lighting which rose from 115,000 horsepower to 317,000 horsepower, in five years. In percentage of total, though, it rose from 22% of all connected load in 1920 to 26% in 1925. Cookery uses increased much faster. In 1920 cooking took 1.8% of all connected load and in 1925, 6%. Cheapness of current should make this another tremendous source of future receipts.

Electric railway power load increased only 50%, in line with traction developments elsewhere, though the rate of gain was less than the other uses revealed, it was high compared with the country as a whole. Certainly the greatest gain was made in connected load for industrial purposes, which rose from 159,000 horsepower in 1920 to 470,000 in 1925. From being 30% of 1920 load, it advanced to 40% in 1925.

In the growing industrial field, there is obviously the largest possibility of future receipts. The rate of growth is not much surpassed anywhere.

Present capacity is not equal to demands that will occur in the near future. In fact, demand is not being wholly satisfied by present capacity. Hence, the already staggering amount of 22 millions spent for additions and betterments must be supplemented by expenditures of 32 millions in 1926. Present generating capacity is 681,000 horsepower, of which about 250,000 horsepower is steam capacity, and about 430,000 horsepower hydro-electric. Capacity rose in 1925 from 626,000 to 681,000. This capacity, immense

Southern California Edison Funded Debt and Capital Stock Structure

Bonds	Due	Out- standing (Millions)	Net Tangible Assets	Times Interest Earned	Yield %	REMARKS
Gen. Mtge. \$s....	1939	13.3	6.3	3.0A	4.95	Will probably advance when public utilities become "legals."
Gen. & Ref. Mtge. \$s	1944	10.0	2.3B	3.0A	5.19	Open - mortgage issue. Somewhat overpriced in comparison with 5 1/4s.
Do. 5 1/4s	1944	10.2	2.3B	3.0A	5.35	Second series of above. At about right price fairly attractive.
Do. 6s	1944	33.9	2.3B	3.0A	5.55	Third series of above. Attractive yield.
Ref. Mtge. 6s....	1943	26.5	1.8	3.0A	5.70	Less attractive than 6s above.

A—Estimated 1925 entire funded debt. B—For entire issue, including three series.

Stock	Outstanding (Millions)	Par (C)	Assets per Share (D)	Earned per Share (D)	High 1925 (D)	Low 1925 (D)	1926 (D) Recent	Yield %
Original Preferred, 5% cum. participating 8% dividend	4.0	100	\$2300F	\$200F	...	...	135-140	5.7
Preferred "A" 7% cumulative	24.9	25	360F	33F	112	104	111	6.3
Preferred "B" 6% cumulative	19.1	25	325F	33F	99	88	99	6.0
Preferred "C" 5% cumulative (E) .....	...	...	...	...	...	...	...	...
Common	43.2	25	97F	12F	146	102	130	6.1

(C) All below original preferred will change par to \$25 after March 19th. (D) \$100 par. (E) See text. F—Estimated.

as it is, can hardly satisfy the demands of the company's 325,000 customers, not to speak of the 270,000 customers who use electricity sold to their companies by Southern California Edison.

Gross Income Has Had Uninterrupted Growth

From a rather petty sum (comparatively) in 1916 of five millions, gross income has advanced to 24.8 millions in 1925. In 1925 alone gross income advanced by fully 10%. Naturally such gains in gross revenue were not attainable without heavy corresponding investments in equipment with the capacity to do this steadily increasing business. It is remarkable that in spite of the necessary volume of increase both in funded debt and stock capitalization, net tangible assets per share of common stock have not declined. Usually when a public utility is experiencing rapid growth, such as Southern California Edison has enjoyed, it is often compelled to capitalize somewhat in advance of its own financial position. Still more instructive is the fact that earning power per share, of common stock has, if anything, increased, showing that the added equipment justified itself in short order. Net tangible assets per share of common, for example, were about \$84 per share in 1921, and is at about \$97 today. Earnings per share of common were about 10.49% in 1921 and will certainly exceed this amount for 1925. Definite earning power will depend upon amount allowed for depreciation, but earnings of 12% for 1925 would be very conservative.

As an example of rapid progress made in earning power, the total lighting delivered to consumers rose from 900 million k.w. hours in 1922; 1.18 billions in 1923; 1.35 billions in 1924, and almost 1.6 billions in 1925.

1924 Break in Net Earnings Not to Be Duplicated

Net earnings in 1924, for once, did not keep pace with the demonstrated earning power. The sudden decline in earnings was looked upon with disfavor, because it is for steadiness of earnings, comparatively speaking, that public utility investments are most often recommended. Any sudden decline in net earnings is immensely significant. Unless drastic measures are taken to arrest the situation which leads to such a decline, it is clear that investments in such a company must be viewed askance.

In 1923 gross earnings were 20.2 millions and in 1924 21.4 millions. Operating income, though, fell from 11.3 millions to 8.4 millions. The percentage of expenses to gross receipts, which, for many years had jogged along at about 43%, suddenly had shot up to 60%. What is worse interest and amortization charges on funded debt, which were earned 2.50 times in 1923, sank to 1.60 times in 1924, or in other words, the bonds from being a prime investment temporarily showed earnings worthy only of a merely good invest-

ment. Payment of the 8% dividend on common stock continued, but at the cost of producing a deficit.

In 1925 conditions became normal again. Bond interest was earned three times, at least. Not only did the company return to normal, but its showing is much better than in 1923. What then of the stock? How is it to be protected against the 1924 conditions?

The slump in earnings in 1924 came from an unparalleled drouth in the mountains of California. Hydro-electric capacity was cut down. In order to supply its consumers, Southern California Edison was compelled to use its reserve steam generating capacity. The expense of the production or because of excess of cost of steam generated power over hydro-electric generation, was so

much greater, as to bring about the unfortunate earning statement of the year. It was obvious that unless such a drouth was guarded against by further reserve water capacity, a repetition of 1924 was not altogether out of the question.

Florence Lake Tunnel to Increase Hydro-Electric Capacity

As early as 1920 this need had been foreseen and construction begun of Florence Lake Tunnel, at a cost of 17 millions. Completion of the tunnel in February, 1925, brought the water from Florence Lake (elevation 7,700 feet) to Huntington Lake (7,400 feet), and thence through power houses to a level

(Please turn to page 957)



Map of
Principal Power Lines
Southern California
EDISON
Company



New York Curb Market a Growing Bond Exchange

Excellent Opportunities Common Among Its Listings—
Bond Issues on "Curb" Total Over a Billion Dollars

IT has become a commonplace that all of the good stocks are not listed on the New York Stock Exchange. Nevertheless it still remains true that an overwhelming majority of good stocks, especially if one goes by amount outstanding rather than by number of issues, are listed on the New York Stock Exchange. But as to bonds it has always been conceded that the Stock Exchange is far indeed from possessing any similar supremacy. The unlisted bond market has at all times been stupendous, and often surpasses the Stock Exchange listings both in volume of business and in leadership in the market. Many great bond houses, of undoubted conservatism and standing, have been offering unlisted bonds for generations to a selected clientele.

Unlisted markets are never wholly satisfactory, for if they were there never would have arisen the need for stock and bond exchanges. Hence a genuine need exists for organizing the market in unlisted bonds. In many cases, local markets have done this. Chicago bonds are often listed on the Chicago Stock Exchange, New England bonds on the Boston Stock Exchange, etc. But what has really been needed has been a junior bond exchange, nationwide in its scope.

The New York Curb Market is in every way fitted to become such a market. For a long period it was in effect an oil and mining exchange.

It then became a true junior exchange. That is to say, it remained a market for low priced mining and oil stocks. It made a market for public utilities, in which it still remains powerful. And above all it became a

place of probation for securities, not only for those newly issued, but for those of companies not well known. It serves as a second sieve between the unlisted market and the Stock Exchange. It has thus become the second exchange in the country, fairly surpassing all local exchanges.

In its upward evolution the Curb market has added to a formerly nominal amount of bond listings, a very considerable number of important issues. *It has listed today about one hundred and twenty important bond issues, and these total over one billion dollars!* Bond transactions in the more important issues last year were fully 178 million dollars in domestic bonds and foreign corporations and over 18 millions in foreign government bonds.

Mere size alone would not tell the whole story. The curb market has originating importance. That is, it is a primary market in which listings first take place, and when the listings have merited promotion, are then advanced to the "big board." In bonds, as in stocks the Curb is beginning to act as a sieve. In foreign bonds as in foreign corporation bonds it constitutes a very important market. When it is remembered that, whether for good or evil, such issues are likely to increase rapidly, it will be seen that the Curb is in the forefront of an economic tendency. Furthermore, unlisted are seeking a more organized market. This is apparent in the many schemes to form associations of unlisted dealers to control the publication of quotations, etc. The Curb is ideally situated to take up most of the meritorious issues so placed.

Not only has it made a home for foreign corporations, and above all public utilities, but it has remained ever faithful to oil and mining bonds.

Another important feature of curb bonds is the large proportion of short maturities found among them. A majority of its issues mature in less than twenty years from today, the exact opposite of the situation on the "big board." For bonds that mature in ten years or less it provides a really wide choice.

Among its billion dollars in bonds there are many good opportunities. We are entering into an age of bonds, and among those that look best among its listings, four typical instances are here selected.

U. S. SMELT., REFIN. & MINING 5½% Notes, Due 1935

U. S. Smelting & Refining 5½% gold notes were issued in November, 1925. There are authorized and outstanding 8 millions. The bonds were issued in order to withdraw the 6% convertible notes, due Feb. 1, '26. These totalled 12 millions, the remaining 4 millions being paid off by the company. Hence the only bonded indebtedness of this great company is the above issue of 5½% notes. Subsidiary companies have funded debt in the hands of the public amounting to only \$124,000. The 5½% notes are redeemable at 105 until November 1, 1927, and gradually less thereafter, to par at maturity (November 1, 1935).

U. S. Smelting & Refining is one of the largest silver producers. Its lead and zinc output is tremendously important. It also is a noteworthy producer of copper, gold, iron, coal and arsenic. It has mines, smelters and refineries in six states, Alaska and Mexico.

Junior to the 5½% notes are 24.3 millions in preferred stock and 17.5 millions common. The notes are a direct obligation of the company but are not secured by a mortgage. It is provided that no mortgage can hereafter be made by the company without equally securing these notes. The same is true of the subsidiaries, except that mortgages may be placed on U. S. Fuel Co. and Utah Rys. Co.

Earnings in 1925 appear to have been more than ten times interest re-

Four Selected Curb Bonds

Analyzed in This Article

Name of Bond	Out- standing (Millions)	Prior Liens (Millions)	Ratio of Net Tangible Assets per Bond	Times Interest Earned	Recent Price	Yield %
U. S. Smelting 5½s, '35.	8	0	8.1 to 1	10.0	101¼	5.46
U. S. Rubber 6½s, '40.	2	98.2	3.0 to 1	2.5	102	6.27
Swift & Co 5s, '32.....	48.5	26.2	3.9 to 1	8.0	98	5.40
Sun Oil Deb. 5½s, '39...	9.9	0	3.4 to 1	4.0	99½	5.55

quirements on the 5½% notes. Earnings in 1924 were nine times such requirements. At no time in the last decade have they been less than five times interest requirements. Net tangible assets are 8.1 times bonds outstanding. Working capital alone is twice the amount of these bonds.

At 101¼ to yield 5.46%, these bonds, with such tremendous margins both of income and equity, and in a company rapidly improving, are considerably undervalued.

UNITED STATES RUBBER, 6¼% Serial Gold Notes, Due 1940

U. S. Rubber 6¼% serial gold notes were issued in March, 1925. They are outstanding in the sum of 30 millions, of which 2 millions are retired every March 1st, beginning with 1926 and ending with 1940. The notes are a direct obligation of the company but are not secured by any mortgage. The notes are junior to 85.2 millions in prior liens, of which 19.2 millions mature before the maturity date of the last of these notes. The notes, then, may be classed as a super-preferred stock.

They have ample margins to protect them. Net tangible assets three times the amount outstanding of these notes, and net current assets applicable thereto, in excess of the issue, alike fortify their position. While charges on these notes have been earned in recent years on the average over 2.5 times, this rate has recently been bettered, and there is reason to suspect a permanent improvement.

U. S. Rubber owns about 125,000 acres of plantation land in the East Indies. Of these, 60% are planted and now fully 40% are producing. Until now these plantation lands must have shown excess of investment over profit, but once they begin to produce a profit, the entire profit structure of the company will benefit permanently by this new situation. It appears that these plantations have reached the profit stage.

U. S. Rubber 6½% notes seem well secured, both as to equities and earnings. It appears as if both equities and earning power will further be enhanced. At 102 to yield 6.27%, these notes are underpriced.

SWIFT & COMPANY,

S. F. 5s, Due Oct. 15, 1932

Swift & Co. 10-year 5s were issued in 1922. They are outstanding in the amount of 48.5 millions. A sinking fund of \$500,000 is provided annually. These notes are a direct obligation of the company, but have no mortgage security.

The notes are junior to only one issue, the 1st Mtge. 5s. These are outstanding in the sum of 26.2 millions. Net tangible assets applicable to the notes are fully 3.9 times the amount outstanding, and working capital alone is about 2.5 times the amount of these notes.

Earning power has also been more than ample. For the last four decades

Swift & Co. has been enabled to pay dividends to its stockholders. There can be little fear as to continuity of earning power. Present earnings appear to be at least eight times interest requirements on these notes. Profit and Loss Surplus about 69.5 millions, and the strong working capital position alike make retirement of the bonds a certainty.

Swift & Company is one of the leading slaughtering and packing companies of the world. Last year it slaughtered about 17.5 million cattle, hogs, sheep, etc., and its total sales were in excess of 875 millions. In total volume of sales it is one of the world's great corporations.

When near maturity is considered, and when the ample safeguards are taken into account, the price of 98, resulting in a yield of 5.40% appears to be somewhat generous. *These 5% notes are an ideal short term investment.*

SUN OIL

Debenture 5½s, Due 1939

These 5½% debentures were issued in 1924. They are outstanding in the sum of 9.9 millions. There is no funded debt whatever prior to this issue. Other equipment notes, etc., have been issued in merely nominal amounts. Although not a mortgage, these debentures are amply safeguarded against any weak-

ening either of equities back of them, of prior position, or of earning power directly applicable to this issue.

Earnings have been sufficient to meet charges on bonds by good margins. Present bond interest was earned 3.43 times in 1922, 2.95 times in 1923 and 3.26 times in 1924. It seems that 1925 earnings should exceed those of 1924 very considerably. Net operating income for first half of 1925 rivalled that for the full year 1924.

Net tangible assets are 3.4 times bond issue outstanding. While not an exceptional amount, especially for an oil producer, it is nevertheless more than satisfactory. Current Assets position is very strong, working capital being at least 70% of bonds outstanding. 1925 earnings should bring it nearly to par with bonds outstanding.

Sun Oil is a producing and distributing unit. It is a rounded company being enabled to produce, ship, refine, and distribute its products. While present production is primarily American, the company is considerably interested in Venezuela fields.

The high standing of the bond is reflected in its price and yield. At 99¼ to yield 5.55%, it is not especially cheap, but it is an attractive investment. As yields decline and prices rise, Sun Oil 5½s are legitimately in line to participate in the gains in the bond market that the next few years are likely to witness.

Twenty Representative Curb Bonds

Name of Bond	Amount Outstanding (Millions)	Recent Price	Yield %
Aluminum Co. Deb. 7s, '33.....	16.1	106¾	5.87
American Gas & Elec., Deb. 6s, 2014.	39.4	99½	6.03
American Power & Light, Deb. 6s, 2016	36.0	97½	6.15
American Water Works & El., Deb. 6s, '75	8.0	94¼	6.38
Anaconda, 6s, '29.....	16.9	103⅞	4.87
Atlantic, Gulf & W. I. S. S. Lines, Coll. Tr. 5s, '59	13.0	73	7.15
Bell Telephone of Canada, 1st "A" 5s, '55	30.0	100	5.00
Bethlehem Steel, Marine Eq. 7s, '35...	12.0	104¼	6.40
Cologne (Germany) 6½s, '50.....	10.0	87	7.70
Consol. Gas of Baltimore "A" 6s, '49..	11.1	106½	5.50
Cudahy Packing, Deb. 5½s, '37.....	14.2	94½	6.13
Denmark 5½s, '55.....	30.0	99	5.55
General Petroleum 6s, '28.....	9.3	101½	5.30
Gulf Oil Deb. 5s, '37.....	30.9	100	5.00
Inland Steel Deb. 5½, '45.....	12.5	99⅞	5.55
Morris & Co. 7½s, '30.....	13.8	104¾	6.27
Phila. Elec. 1st L. & Refg. 6s, '41....	12.1	107¾	5.25
Pure Oil 6½s, '33.....	11.0	103	6.00
Standard Oil of N. Y. Deb. 6½s, '33...	20.0	106¾	5.33
Walworth Co. 1st "A" 6s, '45.....	8.5	95	6.45

Bond Buyers' Guide

(Bonds listed in order of preference)

High Grade

(For Income Only)

Non-Callable Bonds:

		Approx Price	Approx. Yield	Int. earned on entire funded debt
Great Northern Genl. 7s, 1936.....(c)....	113	5.30	2.19	
Atlantic & Danville 1st 4s, 1948.....(a)....	78	5.75	....
Western Union Telegraph Co. 6½s, 1938.....(a)....	112	5.00	7.64	
New York Edison Co. 6½s, 1941.....(b)....	116	5.00	3.30	
Chicago & Northwestern 7s, 1930.....(b)....	108	4.75	1.80	
New York Dock Co. 4s, 1951.....(a)....	83	5.20	2.70	

Callable Bond:

Armour & Co. Real Estate 4½s, 1939.....(a)....	92	5.35	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953.....(c)....	104	5.20	1.76	

Middle Grade

(For Income and Profit)

Railroads:

Cuba R. R. 1st 5s, 1952.....(a)....	91	5.65	2.45	
St. L. & S. F. Prior Lien 4s, 1950.....(c)....	80	5.50	1.25	
Western Pacific 1st 5s, 1946.....(c)....	98	5.15	2.40	
New York, Ontario & Western Rfd. 4s, 1952.....(a)....	70	5.75	2.00	
Missouri Pacific 1st & Rfd. 6s, 1949.....(b)....	104	5.70	1.20	
Baltimore & Ohio Convertible 4½s, 1933.....(b)....	95	5.35	1.35	
Baltimore & Ohio Rfd. 5s, 1935.....(b)....	96	5.20	1.35	
Missouri, Kansas & Texas Prior Lien 5s, 1952.....(c)....	99	5.05	1.10	
Boston & New York Air Line 4s, 1955.....(a)....	76	5.70	....
Kansas City Southern Rfd. and Imp. 5s, 1950.....(a)....	95	5.35	1.90	
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931.....(a)....	103	5.80	1.50	
Rutland R. R. 1st 4½s, 1941.....(a)....	86	5.90	1.75	

Industrials:

South Porto Rico 1st Mtg. and Col. 7s, 1941.....(b)....	108	5.20	g 3.31	
Sinclair Pipe Line 5s, 1942.....(b)....	90	5.90	g 2.50	
Goodrich, B. F., Co., 1st 6½s, 1947.....(b)....	106	6.00	o 2.40	
International Paper Co. 5s, 1947.....(a)....	94	5.50	3.50	
U. S. Rubber 5s, 1947.....(c)....	94	5.50	2.05	
Bethlehem Steel Co. 5s, 1936.....(a)....	96	5.50	f 2.30	
Armour & Co. of Del. 1st 5½s, 1943.....(c)....	95	6.00	....
Anaconda Copper Mining Co. 1st 5s, 1953.....(b)....	104	5.70	g 1.25	
Cuba Company 6s, 1935.....(b)....	95	6.50	o 7.00	
Consolidation Coal Co. Rfd. 5s, 1950.....(a)....	85	6.20	2.00	

Public Utilities:

Manhattan Railway Cons. 4s, 1990.....(a)....	63	6.40	g 0.90	
Amer. Water Works & Elect. Corp. Col. 5s, 1934.....(c)....	97	5.50	2.40	
Ohio Public Service 7s, 1947.....(c)....	111	6.10	f 2.00	
United Fuel Gas 6s, 1936.....(b)....	103	5.60	o 7.00	
Hudson & Manhattan Refunding 5s, 1957.....(c)....	94	5.40	2.60	
American Gas & Electric 6s, 2014.....(c)....	100	6.00	2.60	
American Power & Light Deb. 6s, 2016.....(c)....	95	6.15	3.00	
Kansas Gas & Electric 6s, 1953.....(b)....	104	5.70	1.80	
Commonwealth Power Corp. 6s, 1947.....(c)....	104	5.65	4.50	
Market St. Ry. 7s, 1940.....(b)....	99	7.10	2.30	

Speculative

(For Income and Profit)

Railroads:

Erie Genl. Lien 4s, 1936.....(b)....	71	5.70	1.51	
St. Louis & San Francisco Adj. Mtg. 6s, 1955.....(c)....	94	6.45	1.25	
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967.....(c)....	94	5.35	1.10	
International Great Northern Adj. 6s, 1952.....(c)....	73	6.10	....
Chicago Great Western 1st 4s, 1959.....(a)....	67	6.40	0.55	
Western Maryland 1st Mtg. 4s, 1952.....(a)....	69	6.50	1.80	
Rock Island, Ark. & Louisiana 1st 4½s, 1934.....(c)....	91	5.90	....

Industrials:

Pan. Amer. Petroleum & Transport Conv. 6s, 1934.....(c)....	106	5.16	25.00	
Cuba-Cane Sugar 7s, 1930.....(c)....	95	5.50	2.15	
International Mercantile Marine 6s, 1941.....(b)....	85	7.70	2.50	
Warner Sugar Refining Co. 1st 7s, 1941.....(c)....	97	7.30	....

Public Utilities:

Empire Gas & Fuel 7½s, Series "A," 1937.....(c)....	102	7.20	3.30	
Brooklyn-Manhattan Transit 6s, 1968.....(c)....	95	6.35	o 1.52	
Chicago Railways 1st 5s, 1927.....(a)....	75	16.00	1.15	
Hudson & Manhattan Adj. Income 5s, 1957.....(b)....	79	6.60	2.00	
Interboro Rapid Transit 5s, 1966.....(a)....	70	7.30	0.95	
Third Avenue Railway Rfd. 4s, 1960.....(b)....	62	6.90	1.73	

† This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operation of railroads.

(a) Lowest denom., \$1,000. (b) Lowest denom., \$500. (c) Lowest denom., \$100. (d) Lowest denom., \$50. e Average last three years. f Average last two years. g Average last four years. † Does not include interest on adjustment bonds.

BONDS

THE assurance of tax reduction was without effect on the bond market. It was mainly influenced by the drastic decline witnessed in the stock market. With stocks breaking from 16 to 50 points, it was quite evident from the action of bond prices, and especially in the high grade division, that the frightened public were disposing of their stocks and adopting an ultra conservative attitude, that is, transferring proceeds to the high grade bonds in order to have no more doubts on the subject. The Liberty Loans were strong, the Third Liberty Loan issue especially so, in view of the announcement that the Treasury Department was in the market for \$100,000,000 of this issue.

High-Grade Issues Steady

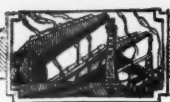
High grade rails maintained their price levels. In the speculative division, there was more irregularity. The announcement of the Interstate Commerce Commission, denying authority for the proposed new Nickel Plate System, caused considerable selling among the junior rails, a great many of which had been bid up on anticipation of value due to proposed mergers. The refusal of the commission in the Nickel Plate case resulted in a feeling of uneasiness on the part of holders of other issues in which there had been merger prospects.

Tractions were weak, especially New York issues. Bonds of the Brooklyn-Manhattan Transit Corporation and Third Avenue adjustment 5s were subject to selling, as were the Hudson & Manhattan income 5s. On the other hand, the Third Avenue Railway refunding 4s were strong. There was very little of interest in the remainder of the public utility list. International Telephone & Telegraph convertible 5½s were distinctly weak, the decline being in sympathy with the break of the stock into which the issue is convertible.

Industrials Off

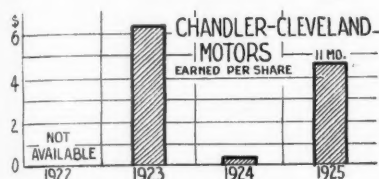
Industrials were highly irregular, this section of the list being more responsive to the situation existing in stocks than the other section of the list. United States Rubber 5s and Bethlehem Steel Corporation 6s were heavily sold. Copper issues were also lower. Oil bonds held fairly well, except the convertible bonds whose price quotations were influenced by the price range of the stocks.

Although money rates have been higher during the past two weeks, the money situation appears to have exerted no influence in the bond market. Only two factors appear to have been of influence. The desire to place funds in good bonds in view of the break in stocks, and the selling of some issues due to the stock market where such issues were to some degree dependent upon the outlook for the companies whose stocks had been subject to severe pressure.



Introducing the Newest Listings On the Stock Exchange

In order to acquaint our readers with the merits, and, in some cases, the apparent lack of merit, of the newer securities listed on the New York Stock Exchange, it is the custom of this publication to publish periodically brief analytical descriptions of these issues. Since the beginning of the year about fifteen new stocks have been listed. Half of these are covered in this number of the magazine and the remainder will be described in the following issue.



Chandler-Cleveland Motors

Common Stock

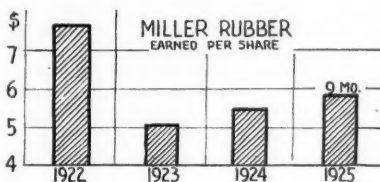
(Outstanding, 280,000 shares of no par value)

The new Chandler-Cleveland Motors Corporation was organized to provide a corporate structure for the consolidation of two non-competitive motor companies which have been founded and managed by the same interests. The old Cleveland stockholders were offered the privilege of exchanging their stock on a share for share basis for the common stock of the new company; old Chandler stockholders were given preference stock on a share for share basis which has voting power and a priority of \$4 a year non-cumulative dividends. In order to "sweeten the deal" for the Chandler shareholders, the preferred stock offered to them in exchange for their holdings is convertible at any time share for share into common stock.

The Cleveland Company was formed in 1919 to develop a low-priced six-cylinder car under the same management as Chandler, and Chandler stockholders were offered the privilege to subscribe to the shares of the new company. This project has proved to be quite successful, its production increasing from 2,500 cars in the first year to a present output of around 17,000 cars per annum. This output is more than half of the total production of the new company and the profits from the Cleveland division are currently running ahead of the older lines due to the success last year of the low priced six-cylinder model. At the time of the merger 70,000 shares of the new preference stock were sold to provide funds

for retirement of over one million dollars' worth of 8% preferred stock of the old Cleveland company and other corporate purposes.

Aside from the capital realignment, the merger has provided little in the way of operating economies for the future. The sales of both companies' cars have been handled jointly in the past by sales subsidiary companies and, like the mechanical departments, no changes are called for in the consolidation. Both companies are assembly propositions and have had a rather erratic history with earnings fluctuating widely from year to year. Stronger competition is likely in the industry this year and the company is not in any too favorable position to contend with such probable development; more favorable stock opportunities might be looked for elsewhere in the list.



Miller Rubber Company

Common Stock

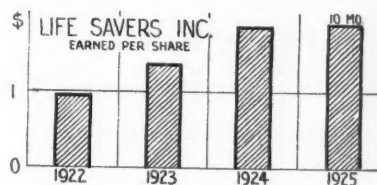
(Outstanding 260,088 shares of no par value)

The Miller Rubber Company made an excellent showing last year, its net income after all deductions coming within less than \$100,000 under the showing made in 1922 during the post-war boom in the rubber industry. The company's present capacity in the tire division is 10,000 tires a day and the actual output during the past few months is said to be close to theoretical capacity of production. In addition to the manufacture of tires the company makes a variety of rubber goods and surgical supplies.

Earning capacity, even during the

lean years in the industry that followed the 1922 boom, has been notably steady. and, adjusted to the present capitalization, covers the present dividend of \$2 a share by a margin of over 100% even during the worst years of this period. The company enjoys a more favorable ratio of sales to total capitalization and a slightly better operating profit than the average of other representative tire companies. The sharp upturn in earnings last year is attributed to the fact that the management secured a good supply of the crude rubber at low prices existing during the early part of the year and profited by the increase in prices of its rubber products.

Miller Rubber Company is by no means a leader in its field but is well entrenched in the industry and is conservatively capitalized. It has about 12.5 million par value of 8% preferred stock outstanding and 260,088 shares of no par value common. It has financed additions and improvements to its properties, necessary to meet the new conditions in the industry, without assistance from the banks nor new financing. Net current assets are approximately five times current liabilities. Last year's earnings of \$8.25 a share are over 20% of the present market price around 40. Although the market behavior of the stock has been somewhat disappointing of late, its statistical position is strong and long range appreciation is not unlikely.



Life Savers, Inc.

Common Stock

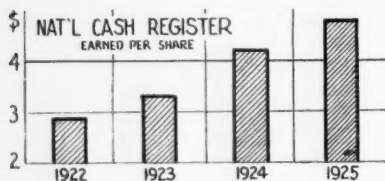
(Outstanding 500,000 shares no par value)

Life Savers, Inc., is engaged in the manufacture and sale of 5 cent candy packages under the well known trade name of "Life Savers" and sold approximately 150 million packages last year at a net profit in excess of a million dollars or over \$2 a share on the present capitalization. The business was started in 1913 and has been built up almost entirely out of earnings. The original investors, who now

hold about 75 per cent of the stock, spent less than \$10,000 for their interest in the company, which is worth in the neighborhood of 6 million dollars at present quotations of the stock on the New York Stock Exchange.

This large output is turned out from a modern and efficiently equipped plant at Port Chester, N. Y., where labor saving machinery makes it possible to obtain the company's large production of 5 cent candy packages with only 300 employees. Since 1916, over 6 million dollars have been spent in advertising and other mediums to popularize "Life Savers"; the advertising budget for the current year is well in excess of a million dollars. In view of the fact that the present output is nearly the equivalent of a yearly sale of a package and a half to every man, woman and child in the United States, it is probable that the sales possibilities of the familiar little round candies has been reached. However, the company hopes to build up large sales of a new candy product known as "Life Savers Fruit Drops" and the gross business may be still further increased if these fruit drops take hold on the fancy of the public.

The company is in a sound financial condition with ample cash to continue the business on a sound basis and a ratio of approximately four to one between current assets and current liabilities. It has only one class of stock; no bonds nor bank loans outstanding. The stock capitalization is based on earning power which in turn is based on the momentary popularity of the company's candy packages. While there is nothing to indicate that this popularity will suddenly shift to some other brand such things have been known to happen, and an investment in a business of this kind is essentially highly speculative. *The present capitalization precludes the probability of large speculative profits and a ten per cent return (the basis of dividends which the management state will be inaugurated) can be obtained in other issues that have a smaller factor of investment risk.*



National Cash Register Co.

Class A common

(Outstanding 1,100,000 shares of no par value)

The National Cash Register Company is the largest manufacturer of cash registers in the world and maintains sales agencies in every state of the Union and, directly or indirectly, in every civilized country in the world. By virtue of the tremendous and highly organized facilities which the company has at its disposal for the manufacture and merchandising of its product, it is

able to offer essential equipment to merchants and business organizations at a value which virtually bars competitors from the field.

Dominating Position of the Company An Important Factor

At the present time at least two legal actions are standing against the company, both on the grounds that it has a monopoly on the line of business in which it is engaged. These actions are based on certain technicalities of the law covering alleged unfair competitive business methods and at the worst may result in establishing a new set of rules for the sales division to follow hereafter. The dominating position of the company on the other hand is an economic fact beyond the pale of law and gives the company a tremendous advantage that favors the prospects of the shareholders of the company for the future.

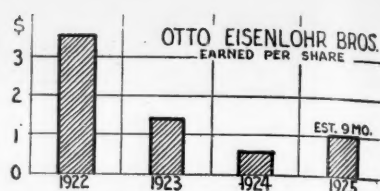
The extensive business of the National Cash Register Co. was built up through the genius and foresight of the late John H. Patterson. The company's plant at Dayton, Ohio, is similar to the Ford factory in its efficiency and paternalism as well as in the operating profit from a large volume of business on a small margin of profit per unit. The tendency in modern business practice to depend more on the records and less on the memory or honesty of employees and the necessity for accurate accounting has provided a wide market for the company. Last year, the company had the second best year in its history and will probably continue to grow in the future as it has in the past.

Capital Structure and Other Significant Features

The Class A shares represent a total issue of 1,100,000 shares of a new company formed recently to acquire the business and assets of a company of the same name founded by John Patterson. These shares have preference up to \$3 a share over class B stock (of which 400,000 shares are outstanding) and then shares equally with the B stock in any distribution over \$3 a share on either class of stock. The company has no other class of stock, bonds, nor loans at the bank. Patents, good will and other intangible assets are carried at a nominal valuation of \$1. Total current assets of around 32.5 million dollars are about six times the total current liabilities.

Conclusion

The trend of earnings during the past five years has been favorable and the \$3 priority on the Class A stock has been earned on a fair margin since 1922. *It does not appear unlikely that, with the normal growth of the company's extensive business, extra participation might be paid to this class of stock in future years and the Class A stock is entitled to a fair spec-vest-ment rating, although it is not especially attractive for immediate market purposes.*



Otto Eisenlohr & Bros., Inc.

Common Stock

(Outstanding, 240,000 Shares of \$25 par value)

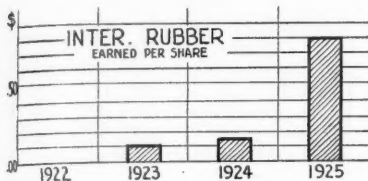
The listing of the common and preferred shares of Otto Eisenlohr & Bros., Inc., was prompted by the increase of public-investor interest in the company during the past year rather than by new financing. The capital structure of the company with 6 million dollar par value of common and about 2.2 par value of preferred stock is the same today as it was when the present company was incorporated in 1916. Split up of the shares last year reduced the par value per share but the total par value of the capital remained unchanged.

The Eisenlohr Company had its best year in 1920, from the standpoint of output, and its worst in 1924. The company manufactures cigars exclusively and has suffered from a general condition in the industry that favored the manufacturers of cigarettes as opposed to the manufacturers of cigars. A number of seasons of poor crops as far as quality was concerned was responsible for increases in the prices of cigars and a reduction in their quality. Consequently, many smokers turned to cigarettes and the cigar manufacturers found themselves stocked with large inventories of poor quality but high priced tobacco leaf as well as a substantial reduction in the consumption of their product. The industry faced the worst conditions during 1924 but has improved from that time and appears to have definitely turned the corner for the better. Contributing factors to this change are the improvement in the crops from a quality as well as a quantity standpoint and substantial reductions being made in operating costs.

The Eisenlohr company, like other cigar manufacturers, has charged off the depreciation in inventory value out of earnings, discontinuing the payment of dividends to the shareholders in order to maintain a strong financial condition during the depression. It has emerged from this period in good shape and is making an encouraging showing in its efforts to regain the ground lost during past lean years in the industry. As of October, 1925, it had current assets of over 6 million dollars against current liabilities of around 3.7 millions. In 1924, the company purchased the Webster Cigar Company which manufactures the popular priced "Webster Cigar," paying cash for this acquisition and the increased output of the Webster Cigar in the face of a general decline in the consumption indicates that the investment will prob-

ably prove profitable to the Eisenlohr stockholders.

Although the trend of both output and earnings have not been favorable until recent months, the Eisenlohr company, with its capacity of around 200 million cigars per annum and strong financial condition, should work into a better position as the cigar industry improves. The common stock appears to have long range speculative possibilities, but is not particularly attractive from an immediate market viewpoint.



Intercontinental Rubber

Company

Capital Stock

(Outstanding 604,000 shares of no par value)

While Secretary Hoover is making after-dinner speeches attacking the so-called "British Rubber Trust," shrewd investors are turning their attention to a stock, selling below \$20 a share on the 'change, of an American company that owns a potential production of two millions pounds of crude rubber a year in Sumatra. In addition, this company controls an extensive acreage in Mexico of wild and cultivated guayule shrub from which it has obtained commercial production of rubber and which it is introducing into the United States. The company is the Intercontinental Rubber Company, a newcomer on the New York Stock Exchange recently formed to take over a number of subsidiaries of another company of a similar name. This group of subsidiaries is responsible for the commercial production of rubber from the guayule shrub after a decade of exploration and research and a capital investment that runs well above a million dollars.

It is reported semi-officially that the company has sold 40% of its 1926 production on contracts at an average price in excess of the average price obtained last year by about one-third. Net profits based on these contracts is reported at around \$3 a share on the common. Actual earnings, however, have been only nominal to date according to the company's reports, but have financed a large part of the company's development both in Sumatra and Mexico. The company obtained a concession on an estate of 4,000 acres on the East Coast of Sumatra from the Dutch East India Government which was planted year after year, starting in 1917. The rubber trees came into bearing late in 1923 and production in the following year was 150,000 lbs. Last year this production was doubled

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Preferred Stocks

PREFERRED stocks were very little influenced by the drastic break in the market for common shares. With exception of Baldwin Locomotive, where there was selling due to the very poor annual report of the company, sound issues maintained their levels and a number made new high records, as will be noted from the figures shown below. The more speculative division also joined in the upward trend, such stocks as American Beet Sugar, Orpheum Circuit, Consolidated Cigar and

American Cyanamid advancing from one to three points. The preferred stock division of the market still appears to offer good opportunities from the standpoint of both income and possibility of future enhancement in value. From an income standpoint, there are a number of issues which appear to be selling unduly out of line, all things considered with both the bond and common stock markets, and these issues are deserving of investment consideration on the part of investors.

Preferred Stock Guide

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

SOUND INVESTMENTS

	Div. Rate \$ per Share	Approx. Price	Approx. Yield	Times Dividend Earned
INDUSTRIALS:				
General Motors Corp. (c).....	7	115	6.1	(y) 13.90
Cluett-Peabody & Co. (c).....	7	110	6.4	3.7
Loose-Wiles Biscuit Co. 1st (c).....	7	116	6.0	3.3
Studebaker Corporation (c).....	7	120	5.8	20.00
Schulte Retail Stores Corp. (c).....	8	117	6.8	(w) 10.00
Gimbel Brothers, Inc. (c).....	7	109	6.4	5.3
Baldwin Locomotive Works (c).....	7	107	6.5	2.6
Endicott-Johnson Corp. (c).....	7	117	6.0	4.8
American Smelting & Ref. Co. (c).....	7	115	6.1	1.7
American Steel Foundries (c).....	7	113	6.2	6.7
U. S. Industrial Alcohol Co. (c).....	7	103	6.8	5.2
Associated Dry Goods Co. 1st (c).....	6	101	6.0	4.0
Famous Players-Lasky Corp. (c).....	8	120	6.7	(y) 6.5

PUBLIC UTILITIES:

North American Co. (c).....	8	50	6.0	(w) 6.9
Philadelphia Company (c).....	8	50	6.0	5.6

RAILROADS:

Chicago & Northwestern (c).....	7	121	5.8	.....
New York, Chicago & St. Louis (c).....	6	99	6.1	(y) 3.7
Chesapeake & Ohio conv. (c).....	6.50	124	5.2	9.0

MIDDLE GRADE INVESTMENTS

INDUSTRIALS:

Bush Terminal Buildings Co. (c).....	7	101	6.9	1.1
Brown Shoe Co. (c).....	7	109	6.4	3.9
Cuban-American Sugar Co. (c).....	7	104	6.7	7.6
Armour & Co. of Del. (c).....	7	98	7.1	(w) 2.3
Allis-Chalmers Mfg. Co. (c).....	7	110	6.4	2.8
Genl. American Tank Car Co. (c).....	7	101	6.9	4.0

PUBLIC UTILITIES:

Radio Corp. of America A pfd. (c).....	3.50	47	7.4	(w) 3.5
Amer. W. Wks. & Elec. Corp. 1st (c).....	7	105	6.7	3.8
Public Service of N. J. (c).....	8	118	6.8	3.4

RAILROADS:

Baltimore & Ohio (n-c).....	4	69	5.8	(y) 4.75
Bangor & Aroostook (c).....	7	106	7.0	2.5
Colorado & Southern 1st pfd. (n-c).....	4	65	6.3	7.5

SEMI-SPECULATIVE INVESTMENTS

INDUSTRIALS:

Pure Oil Co. conv. pfd. (c).....	8	109	7.3	4.2
American Beet Sugar Co. (c).....	7	80	8.8	1.5
National Department Stores (c).....	7	96	7.4	4.0
Austin, Nichols & Co. (c).....	7	91	7.7	1.8
Worthington Pump & Mfg. "A" (c).....	7	80	8.8	2.0
Orpheum Circuit (c).....	8	102	7.8	2.59
International Paper Co. (c).....	7	96	7.3	1.75
Dodge Bros., Inc. (c).....	7	87	8.1	.....
Consolidated Cigar Corp. (c).....	7	102	6.9	2.27
American Cyanamid Co. (c).....	6	94	6.4	(x) 4.0
Warren Bros. Co. 2d Pfd. (c).....	3.50	46	7.6	(x) 15.0
Natl. Cloak & Suit Co. (c).....	7	90	7.8	1.5

PUBLIC UTILITIES:

American & Foreign Power Corp. (c).....	7	96	7.4	(x) 3.6
Hudson & Manhattan Ry. (n-c).....	5	75	6.7	(x) 3.6

SPECULATIVE INVESTMENTS

RAILROADS:

Chicago, Rock Island & Pac. (5-7%) (c).....	7	100	7.0	(*) 1.56
Gulf, Mobile & Northern (c).....	6	102	5.9	(x) 1.3
Western Pacific (c).....	6	80	7.5	(x) 1.0

(c) Cumulative. (n-c) Non-Cumulative.

(w) Average for last two years.

(x) Average for last three years.

(y) Average for last four years.

† Average number times earned last five years.

*Including 6% Pfd.

Ten Promising Common Stocks of Companies Strong in Working Capital

The Significance of Liquid Assets

WHILE working capital is a very handy yardstick for measuring a company's financial strength, it may also prove misleading in the hands of the inexperienced. The working capital requirements of various concerns engaged in the same industry may vary widely. Variations between industries are even greater.

Of two steel companies, for example, equally well situated in all other respects, the one that has a shrewd, far-sighted management may get along with less working capital than its competitor whose management is not so alert. Similarly, companies which turn their inventories over rapidly, such as grocery stores, do not require as much working capital as heavy machinery manufacturers, where weeks and months may elapse between the receipt and completion of an order.

Then again, petroleum companies are compelled to invest large sums in storage oil, at times when prices are depressed, so that they will be in a position to sell such oil to advantage when prices are high. On the other hand,

public utilities and railroads derive their earnings more largely from fixed capital investments. Hence, the latter usually carry relatively little working capital.

It follows, therefore, that no fixed standards may be applied and not every company whose working capital per share equals the market price of its common stock is necessarily attractive. Generally speaking, however, companies abundantly supplied with working capital are well able to withstand competition and take advantage of opportunities. Moreover, such concerns are in a superior position to treat shareholders liberally when earnings show a tendency to increase.

The issues analyzed here have been selected after a careful review of the entire list of active stocks and only those which appeared to be desirable are included. *Intending purchasers, however, should exercise some discrimination since the unsettled condition of the general market suggests the advisability of deferring new commitments for the present.*

standing. This somewhat disappointing showing in the face of record business in the tobacco industry has been ascribed, in some quarters, to the fact that Lorillard lacks a popular brand of the cheaper cigarettes which have contributed so strikingly to the success of such companies as Liggett & Myers and Reynolds Tobacco. It is probable, however, that the unsatisfactory conditions surrounding the cigar industry in recent years also had much to do with the company's poorer showing in these two years.

Last year, improvement was shown when net profits increased to \$3.77 a share for the common stock. Conditions in the cigar industry have taken a definite turn for the better in recent months. The larger manufacturers have been enabled to cut their operating costs through more extensive use of labor saving machinery and lowering of costs in other directions. Reduction of taxes on cigars should also prove distinctly beneficial.

Furthermore, Lorillard has adopted a vigorous sales policy to push the sale of its "Muriel" brand cigars and popularize the various brands of manufactured cigarettes, as evidenced by the extensive advertising campaign now in progress. The company's strong financial condition and its liberal supply of working capital, with ratio of current assets to current liabilities more than 10 to 1, indicate that the present \$3 dividend is well protected.

Selling around \$39 a share to yield

7.7%, Lorillard appears decidedly out of line with other tobacco stocks.

Seagrave Corp.

\$14.4

Working Capital
Per Share

\$13

Recent Mkt.
Price

The shares of this company were among 1925's new listings on the New York Stock Exchange. The present company, however, is successor to one whose existence dates back some twenty-two years, no one of which failed to yield a profit from operations. This predecessor organization, in turn, carried on a business that had been founded over forty years ago.

Seagrave's business has shown steady development so that the company now ranks second in importance as a manufacturer of fire fighting apparatus in the United States. Output comprises a complete array of motorized fire fighting machines which are used extensively by municipalities in the United States, Canada and abroad. Branches or agencies are maintained in the leading American cities as well as Canada and Hawaii.

An enterprise of this type enjoys relative freedom from the disturbances which frequently upset industrial concerns, due to the fact that its customers are municipalities. Hence, it may be described as a quasi public utility. This stability is fully reflected in Seagrave's earnings record, as already indicated. Both gross and net profits have shown good average gains during the past three years, nevertheless. After allowance for dividends on the 1.19 millions of 7% preferred stock, net was equivalent to \$1.89 a share for the 100,000 no par value common in 1923, increasing to \$3.06 in 1924, while last year the company earned \$2.64 a share.

The company has no funded debt and, as of December 31, 1925, had but \$292,629 in current liabilities outstanding. Dividends are being paid at the rate of \$1.20 a share in cash or 10% in common stock, at the shareholder's option. On the basis of cash dividends, the common stock, selling at 13, gives a return of 9.2% while, if the holder elects to receive dividends in stock and sells such stock at the current price, the indicated yield will be 10%.

Seagrave's financial position, the nature of its business and the record of past earnings entitle the shares to favorable consideration as a low priced spec-vestment.

P. Lorillard

\$34.8

Working Capital
Per Share

\$39

Recent Mkt.
Price

When the American Tobacco trust was dissolved in 1911, a whole family of new tobacco companies came into being, each of which subsequently became distinguished for consistency of growth in earning power and financial strength. Among these was P. Lorillard.

This company fell heir to an extensive business in the manufacture of cigarettes, smoking and plug tobaccos and cigars. Included among the principal smoking tobaccos controlled by Lorillard are such well known brands as "Union Leader," "Stag" and "Beechnut." Its cigarette business embraces brands sold under the trade names "Helmar," "Mogul," "Murad," "Egyptian Dieties" and "Turkish Trophies" and so on, while the cigar line includes "Between the Acts," "Royal Bengals" and "LeRoy."

For many years, Lorillard's earnings held well above \$4 a share, reaching a high mark at \$8.48 in 1917. Earnings in 1923 and 1924 fell below this standard, however, when the company reported net profits of \$3.50 and \$3.64 a share respectively for the 32.17 millions of \$25 par value common stock out-

Austin, Nichols

\$33.6

Working Capital
Per Share

\$23

Recent Mkt.
Price

One of the oldest wholesale grocery enterprises in the United States, the business of Austin Nichols existed as a partnership until 1919 in which year the present corporate form was adopted. The first phase of the incorporated company's existence was not a happy one. Under the control of Wilson & Company, Chicago packers, an ambitious expansion program brought Austin Nichols into the swirl of deflation with top-heavy inventories. Demand was steadily dwindling as frightened buyers sought to keep from under the avalanche of falling commodity prices. To make matters worse, the U. S. Government, about this time, decided that the packers must give up affiliations with the grocery business. Austin Nichols, accordingly, was divorced from the Wilson sponsorship and left to work out its own salvation.

Analysis of the company's earnings from 1923 onward would indicate that it has not failed to meet its problems. Beginning with a deficit of \$342,809 after preferred dividends in 1922, net profits have gradually improved until, one year ago, Austin Nichols was able to show a balance of \$3.13 a share for its common stock, after allowance for the 3% sinking fund which is annually set aside for retirement of the 7% preferred stock.

There are now 4.54 millions of the

senior issue outstanding, together with 150,000 shares of no par value common. The company has no funded debt, and while the nature of its business requires it to maintain large bank loans, working capital position is strong as denoted by the fact that the common shares have been included in the accompanying table. Thus, at the close of January, 1925, current assets were 12.33 million dollars compared with 7.29 millions of current liabilities.

Earnings figures for the 1926 fiscal year are not yet available, but increased sales in the grocery division and greater activity in canning operations would seem to foreshadow further gains in net for the past twelve months.

Though dividends do not appear to be in early prospect for common shareholders, the junior issue at prevailing levels around 23, seems a promising long-pull speculation.

Weston Electrical Inst.

\$21.0

Working Capital
Per Share

\$17

Recent Mkt.
Price

The business of this company was founded in 1888 and was closely held until 1924, in which year the present corporation was organized and its shares offered to the public. The Class A and common stocks were listed on the New York Exchange last June.

Weston Electric is regarded as a leader in its own field, being a manufacturer of high grade electric measuring instruments. Its output com-

prises every type of such mechanism, including voltmeters, ammeters, wattmeters, switchboards and the like. These appliances are extensively employed in the public utility, railroad and automobile industries. The rise of wireless telegraphy and radio have created a large new field of operations for the company within comparatively recent years.

Though a manufacturing enterprise, Weston Electric's earnings have shown noteworthy stability over a long period. The present company and its predecessor have reported profitable operations in each of the past thirty-five years, barring only 1914 and 1921.

Capitalization at present consists of one million dollars of 6% debenture bonds; 100,000 no par value Class A shares and 100,000 no par common shares. The Class A stock is entitled to cumulative dividends at the rate of \$2 a share; is redeemable at \$37.50 a share, and after the common has received a payment of \$1 a share, participates equally with the latter in further payments.

Net profits in 1924 were equivalent to \$1.39 a share for the common, increasing to \$2.18 in the first nine months of 1925, after allowance for participation of the Class A stock. Additional common stock was sold last November which will probably be used to retire the company's funded debt, thus bringing the common shares nearer dividend payments. *The exceptionally strong working capital position and promising outlook for earnings place the common shares at 17 in a favorable light as a low-priced speculative issue for a long pull.*

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Ten Companies Strong in Working Capital

Common Stock	Working Capital (millions)	No. Shares Outstanding	1923	Earned \$ Per Share 1924	1925	Recent Price	Dividend Rate	Yield %	Earned (%) in 1925 on Mkt. Price
P. Lorillard	\$47.57	1,212,220	\$3.50	\$3.64	\$3.77	\$39	\$3.0	7.7	9.7
Amer. Sugar Ref.	66.05	450,000	1.92	nil	nf	75	5.0	6.7	nf
Atlantic Refining	56.52	500,000	nil	6.60	a705	98	...	...	7.2
Austin Nichols	5.04	150,000	b0.91	b2.93	b3.13	23	...	...	13.6
Cluett Peabody	14.35	180,000	13.21	6.00	8.58	67	5.0	7.5	12.8
Oil Well Supply,	19.52	325,000	6.93	0.36	*4.0	32	2.0	6.3	12.5
Seagrave Corp.	1.44	100,000	1.89	3.06	2.64	13	1.2	9.2	20.2
Weston Elec. Inst.	2.10	100,000	nf	†1.39	c218	17	...	...	12.8
Armour & Co., Ill., "A"....	144.08	2,000,000	4.00	4.52	*5.0	24	2.0	8.3	20.8
General Cigar	20.94	362,080	†5.92	†5.01	†5.47	55	4.0	7.3	9.9

*Estimated. nf—Figures not available. a—First half; b—Years ended Jan. 31. c—Nine months ended Sept. 30. †On basis of present capitalization.

Atlantic Refining	
\$111.0	Working Capital Per Share
\$98	Recent Mkt. Price

Organized in 1870, Atlantic Refining embarked upon an independent existence in 1911 as a result of the splitting up of the old "Standard Oil Trust" of which it was a subsidiary. For eight consecutive years, the company paid dividends at the rate of 20% annually, starting with a payment of 5% in 1914. Four years ago, the common stock capitalization was increased from 50,000 shares of \$100 par value to 500,000 shares through payment of a 900% stock dividend.

Costly Litigation

The year preceding this dividend marked the beginning of Atlantic Refining's difficulties. A total deficit of 6.15 million dollars was incurred in 1921, after dividends, and in two of the next three years the company failed to earn its common dividend.

These were difficult times for the oil industry in general but Atlantic Refining in particular suffered, first from inventory losses and then from the collapse of its production in the Tepehate field, Mexico. Finally, litigation between the company and Superior Oil, which is still dragging its weary way through the courts, tended to place the company in an unfavorable light at the time.

Primarily a refiner and distributor, Atlantic Refining owns three refineries in Pennsylvania and one in Georgia, with distributing stations scattered through five states along the Atlantic seaboard. Competition in this territory has tended to become keener in late years and earnings have also been affected by inadequate control over an independent supply of crude oil. In other words, the company's acreage in Oklahoma, Texas and other Mid-Continent territory only partially supplies its crude oil requirements.

Yet, in spite of these difficulties, Atlantic Refining has kept its financial house in excellent order. As of June 30, 1925, net current assets amounted to 63.14 million dollars against but 6.61 millions of current liabilities. Bank loans at that time were entirely nominal, the total of funded debt and bank loans having been cut from 31.12 millions to 26.54 millions in six months.

Strong Financial Condition

Though no dividends have been paid on the common stock since 1924, the excellent financial condition and the marked recovery in earning power last year may well foreshadow resumption of payments in the not too distant future. The showing of \$7.05 a share earned for the common stock in the first half of 1925 indicates that Atlantic Re-

fining is by no means in process of decay.

With outlook for the oil industry steadily brightening and working capital in excess of \$111 a share for the common, the company could readily retire a substantial portion of its funded debt, thus bringing nearer a distribution to shareholders out of restored earnings.

General Cigar	
\$57.8	Working Capital Per Share
\$56	Recent Mkt. Price

Conditions surrounding the cigar industry prior to the last half of 1925 were not of the kind to encourage holders of this type of security. The manufacturers have had to contend with high production costs and sharp competition within recent years as indicated by the irregularity of earnings for various companies in this group. The corner has evidently been turned, however. In late months, costs have been brought under control and numerous economies, such as labor-saving machinery, have restored earnings.

General Cigar's record is the more striking in that the company was able to maintain net income on a satisfactory basis even in 1924, though the demand for cigars registered a noticeable decline.

While its gross revenues have shown some irregularity, the predominant tendency has been upward and net income has averaged \$4.53 a share annually for the present common stock during the past ten years. Dividends to common shareholders have been maintained without interruption since 1909. The rate of payments on the old common varied between \$4 and \$6 until 1923, since which time \$8 was the established dividend.

The former 181,040 shares of \$100 par value common were exchanged for new, no par stock in the ratio of two for one in February, and it has been announced that dividends will be paid at the rate of \$4 a share on the new issue. For the year ended December 31, 1925, net was equal to \$5.47 a share for the new stock compared with \$5.01 the year before, this being after allowance for interest charges on 7 millions of funded debt and dividends on the 5 millions of 7 per cent cumulative preferred.

The working capital item amounted to 20.94 million dollars at the close of December, comprising 22.21 millions of current assets less 1.27 millions of current liabilities. The company is entirely free of floating debt and should continue to give a good account of itself from the common shareholder's viewpoint. *Though the junior shares are not outstandingly attractive at prevailing levels around 55, they will bear watching for opportunities to purchase at favorable prices as a desirable long pull commitment. The current yield is 7.3%.*

Am. Sugar Refin.	
\$146.8	Working Capital Per Share
\$75	Recent Mkt. Price

This erstwhile aristocrat of the industrial world fell from high estate with the beginning of business deflation in 1920. In that year, the company was forced to set up reserves which, with a loss of 2.91 million dollars resulting from ordinary operations and dividend payments, cut its once imposing surplus from 23.15 million dollars to 12.47 millions in a twelve-month. Adding insult to injury, many of the company's customers defaulted on their contracts, refusing to purchase sugar which they had ordered at the peak of the market. Further losses were sustained in 1921 in which year American Sugar's profit and loss account reached a low mark at 7.15 millions.

Large Working Capital

Staggering though its losses were and despite three additional years of erratic sugar markets, the company pulled through its period of trial with financial colors flying. Working capital, reduced to 22.38 million dollars at the close of December, 1921, had risen to 66.05 millions at the end of 1924, the largest total in Sugar's history, though the company had again earned a deficit in the last named year.

This extraordinary result was accomplished partly by the sale of a 30 million dollar bond issue in 1922, and partly through the sale of certain investments, notably the company's interest in Great Western Sugar. Profits from the sale of such investments and from others still retained enabled American Sugar to offset the losses sustained from refinery operations in 1923 and 1924.

In the meantime, the company's strong financial status and consequent credit standing have enabled it to carry on, waiting for the return of stable sugar markets. This desirable condition was evidently reached last year, for while no statement of earnings is yet available, the management saw fit to resume common dividends at the rate of \$5 a share in November.

Favorable Outlook

Insofar as the refinery end of the sugar business is concerned, the outlook appears more favorable than it has for some time past. The raw commodity has held within a narrow price range for months with nothing to indicate that former erratic market fluctuations will be resumed in the near future, at least.

This stability, accordingly, should be reflected in sugar refinery earnings.

Improvement in the sugar market, on the other hand, seems a reasonable possibility and should be reflected in the market action of American Sugar Common, which, at recent prices around 75, yields 6.7%.

Cluett Peabody

\$67.2

Working Capital
Per Share

\$67

Recent Mkt.
Price

This Trojan collar company has achieved a dominant position in the collar and shirt industry, largely because of aggressive advertising. The "Arrow" brand is known in practically every nook and corner of the United States. In addition to collars, Cluett also manufactures shirts, handkerchiefs, underwear and similar wearing apparel. In its line, the company is surpassed by none in respect to size or importance.

The company's principal plant at Troy, N. Y., is supplemented by factories at various other points in New York state as well as Connecticut, Massachusetts and Canada. Early last year, the assets and trade mark of Earl & Wilson, a competing company, were taken over. A few months later, settlement was effected in the litigation between Cluett Peabody and the Phillips-Jones interests, whereby the former acknowledged the validity of the latter's Van Heusen patents. Under terms of this settlement, Cluett was granted a license to manufacture two-piece soft roll collars on a royalty basis.

Earnings have shown considerable variation but the average available for common dividends since 1914 demonstrates a well established profit making capacity. Thus, in the period 1915-1920, net per share of common fluctuated between \$7.11 and \$25.47. In 1921, a deficit of \$585,540 was incurred, largely because of inventory deflation common to that period. Earnings in the next three years averaged \$10.09 a share and for 1925 amounted to \$8.58.

Meanwhile, the company has steadily built up asset values back of its common shares. As of December 31, 1925, current liabilities totaled but \$988,150 compared with 15.34 millions of current assets. This strong working capital position has permitted the company to keep free of funded debt and maintain its 8.48 millions of 7% cum-

ulative preferred stock on a high investment footing.

There are 180,000 shares of no par value common stock outstanding on which dividends have been paid in every year since 1914 with the exception of 1922. The current \$5 rate appears well protected. Yielding 7.5% on the basis of recent prices around 67, this issue is an attractive speculation for the patient buyer.

Oil Well Supply

\$60.0

Working Capital
Per Share

\$32

Recent Mkt.
Price

Established sixty-four years ago at Oil City, Pa., Oil Well Supply Co. boasts a remarkable record of growth from comparatively humble beginnings. The original company was organized with a capital of \$300,000. During the intervening years, a total capital and surplus of more than 25 million dollars has been built up out of earnings, capital being made up of 2.02 millions of funded debt and 1.5 millions common stock, as of June 30, 1925.

The company has since issued 70,000 shares of \$100 par value 7% cumulative preferred stock, convertible into common stock at \$40 a share for the first 20,000 shares converted; \$45 a share for the next 20,000 shares and \$50 for the remainder. The outstanding common stock was increased to 325,000 shares of \$25 par value in September, on which dividends are being paid at the rate of \$2 a share per annum.

Dividends on the capital stock have been paid without a single break in every year of the company's existence since 1899 but at irregular rates. Such fluctuations are to be expected in an industry of this type, however. Ranking as one of the largest manufacturers of machinery and supplies for drilling and operating oil and gas wells, sales are bound to vary with conditions in the petroleum business.

In 1924, for example, net profits amounted to but 36 cents a share on the basis of the company's present

capitalization. This figure compares with earnings of \$6.93 a share for the common stock in 1923. For the year 1925, a showing of around \$4 a share for the common is anticipated when the year's final figures are reported. Present prospects point to larger profits in the current year so that the company may reasonably be expected to raise its dividend from the present rate.

The exceptionally strong working capital position would justify such action at a comparatively early date, inasmuch as the company, obviously, is not required to build up its finances before passing larger profits along to its shareholders. At recent prices around 32, accordingly, Oil Well Supply common shares have an attractive speculative appeal.

Armour & Co. "A"

\$72.0

Working Capital
Per Share

\$25

Recent Mkt.
Price

The extent to which the packing companies have regained their pre-war status is well demonstrated by the financial reports of this, one of the greatest enterprises in the entire group. At the beginning of November, 1919, Armour & Co. had a profit and loss of 80.48 million dollars. Its working capital account stood at 173.41 million dollars of which inventories accounted for 159.38 millions. The company was heavily indebted to the banks and had large sums tied up in accounts receivable.

Armour, therefore, was peculiarly vulnerable to deflation. Surplus had shrunk to 40.38 million dollars by the end of December, 1922, while working capital had dropped to 109.90 millions. Operations of practically all meat packers were decidedly unprofitable during the years 1921, 1922 and a good part of 1923, but the following year the turn came.

Noteworthy improvement has occurred in the company's financial condition in the past two years. As of (Please turn to page 972)

Owing to the drastic decline in the stock market and the extremely erratic fluctuations in prices, we have deemed it practical to postpone publication of the feature covering STOCK MARKET SWITCHES until the following number. We believe that this arrangement will be to the advantage of our subscribers and readers. The position of over one hundred of the leading stocks listed on the N. Y. Stock Exchange will be given, together with specific advices as to buy or sell.

Three Great Chemical Companies Show Sharp Contrasts

Allied Chemical & Dye and Union Carbide Cover Wide Range—Commercial Solvents Occupies a Special Field



"CHEMICAL companies" or more briefly, "the chemicals" are a group that are not a group. Since chemistry has a scope that knows no limits, its operations are as diverse as possible, and no two companies have the same business setting, of necessity. Cost and price problems, for example, are not at all similar in the manufacture of butanol and in that of aniline dyes. Hence, in this industry, it is most important to *contrast* and *distinguish* companies, than it is to speak of them

as a group. For this set purpose, we have selected two great holding companies, tracing what they have in common and wherein they differ, and also an operating company having a smaller scope. For the investor there are rich lessons concealed in a minute study of this kind. Profits in such stocks are absolutely dependent upon intelligent study.

ALLIED CHEMICAL & DYE

This is undoubtedly the largest and most important chemical company in the world.

It has far surpassed even the largest of the German companies that once dominated the world. It is a holding company, and its five subsidiary companies dominate the market for heavy chemicals. It is also an important factor in the dye industry.

Barrett Company, the best-known subsidiary, is the leading manufacturer of coal-tar products. As these cover the widest range of any chemicals, it is safe to say that practically no important industry is unaffected by their production. Its "Tarvia" product is typical: it is standard in road making. General Chemical Company dominates the field of acids, such as sulphuric acid, the bellwether of chemicals. Its products are almost unlimited. National Aniline & Chemical manufactures dyestuffs. Here competition is severe from the DuPont interests. As Allied Chemical & Dye acts independently of the associated dye producers of this country, this branch of the business loses whatever benefits arise from their concerted action. It is said not to be as progressive as the DuPonts. In pharmaceuticals, also, it is a giant, but faces sharp and intelligent competition. Semet-Solvay is a coke giant, and Solvay Process Company is known for bicarbonate of soda, caustic soda, alkalies, etc., in which it faces inconsequential competition.

None of these five companies are competitive, and each manufactures products necessary to production for the others. Hence, this "vertical trust" cuts production costs drastically. The tremendous scope of its production is such that it would be almost impossible

to dislodge Allied Chemical & Dye from its premier position.

The company was formed in 1920. It inherited five separate organizations and it has taken it all this time to eliminate duplications, and, in effect, to convert five companies into one. It has recently succeeded in completely organizing all the economies for which it came into being, and this organization should be reflected in permanently higher earning power. Only one criticism is heard and that is that research has also been made subservient to this economy program. Such a policy would not seem to be the path of wisdom for a company dependent upon the arm of the research laboratory to create new markets, and to defend old ones.

Financially the company's balance sheet is a "dream." It is perhaps one of the best industrial balance sheets known. It has shown 110 millions in current assets and only 11 millions in current liabilities; a working capital of 100 millions! Its surplus of 140 millions is surely impressive. But, above all, it should be remembered that reserves against depreciation, etc., are now 104 millions, or in excess of the valuation at which physical property of the five companies was taken over in 1920! Holdings of U. S. Government and other immediately marketable securities were 53 millions. It is needless to multiply instances.

It is rumored that 70% of the 39 millions in preferred stock is owned by the company and that its plans call for a speedy retirement of the preferred stock. There is no funded debt. The treasury has available one million shares of common for a stock dividend. Rumor has it either that such will be declared or the stock split up two for one.

Earnings for 1925 are expected to show \$9 a share earned on the common. Earnings for 1924 were \$7.25 per share. Changes in capital structure and operating economies pave the way for larger earnings on the common in 1926.

Allied Chemical & Dye has built up tremendous reserves rather than declare large dividend payments. Its great scope makes its future secure, but at present levels around 115 its attractiveness is dependent principally upon retirement of preferred stock. Purchase should be deferred in view of the market's unsettled condition.

COMMERCIAL SOLVENTS

An eminent statistician when reading about Commercial Solvents exclaimed "God help us, here is a company that depends on a bug."

And so it does. Its special bacteria, when let loose upon sugars (usually derived from corn), has an effect quite different from yeast when let loose on sugar. Yeast produces alcohol (called ethanol) with about 4% of by-products, such as butanol, etc. The Commercial Solvents bug is contrary; it produces about 40% butanol, 25% acetone and 35% ethanol. Butanol is principally used as a solvent, and most commonly in lacquers. The sudden rise of popularity of lacquers, especially in automobile paints has "made" butanol.

Acetone is an important by-product. It is one of the most widely used chemicals. While Commercial Solvents produces only about one-tenth of the supply it has a whip hand on prices. That whip hand may give it the entire market some day. Its whip hand arises out of the helplessness of its principal competitors, the wood distillers. One by one the wood distillers have lost their markets. Charcoal smelting of iron was destroyed by the electric furnace. Methanol or wood alcohol can be produced more cheaply synthetically, especially by Germans. Hence, the wood distillers can no longer shift markets, and must accept acetone prices that Commercial Solvents can afford to quote. But should butanol ever be superseded by synthetic processes, or lacquers find better solvents than butanol, Commercial Solvents can always turn to the great acetone market. It can also become a factor in the alcohol market (with anti-freeze compounds), but here competition is important.

Commercial Solvents has extensive research laboratories. It is fully aware of the dangers arising from laboratory

research products made by competitors, and is equipped to meet them.

Balance sheet shows some important changes from 1924. Cash rose from \$250,000 to \$3,170,000. Common stock outstanding rose by \$600,000. Funded debt is now \$2,420,000, all contracted in 1925. In other words the sum realized from sales of securities has been retained. It had been intended that such proceeds would be used for the erection of a new factory. Such plans appear to be in abeyance.

Although sales doubled in 1925, profits showed practically no increase. Two-thirds of the net income was obtained in the latter half of the year. Nevertheless, income for the year was \$20.40 on "A" stock and \$13.80 on "B" stock. Assets position is less favorable as to amount: \$73 for the "A" stock and \$43 for the "B" stock. But with reference to structure of assets, it is to be noted that cash position enables them to take care of capital expansion out of assets.

Commercial Solvents is not sufficiently diversified. While it can shift from butanol to acetone, this does not compare with diversity of Allied Chemical and Union Carbide activities. Present prices of 125 for "A" and 123 for "B" are not especially attractive.

UNION CARBIDE AND CARBON

Union Carbide and Carbon Co. is in effect a holding company. It controls among many others, the following well-known companies. Union Carbide which manufactures calcium carbide. This chemical produces acetylene gas. It is used for rural lighting and cooking, miner's lamps, welding and cutting of metals and sundry industrial uses. The J. B. Colt Co., another subsidiary, makes various devices for direct employment of calcium carbide. The Oxweld Co. manufactures a line of welding apparatus. As acetylene in welding and cutting is used in conjunction with oxygen, another subsidiary, the Linde Air Products, manufactures this basic gas. Dissolved acetylene is sold by the Prest-O-Lite Co., in cylinders. Every garage owner is familiar with its products. Prest-O-Lite also manufactures storage batteries. Since calcium carbide is an electric furnace product, requiring great hydro-electric power for

cheap production, other hydro-electric carbon products are manufactured collaterally. Such are the National Carbon Co. products. Electrodes, carbon specialties, Columbia Dry Cells, Ever-Ready Radio Batteries, Ever-Ready flashlights are characteristic of many others. Intensive hydro-electric chemical techniques led to further developments such as the Electric-Metallurgical Co. This company uses the electric furnace to produce ferro-alloys, and such alloying metals as are essential to steel manufacture. Metals entering into these alloys are also produced pure. The Electro-Metallurgical has additionally great works in Norway, where cheap power is combined with ocean transportation and cheap freights. It owns undeveloped water power of 100,000 H.P. Out of this development arose the Haynes Stellite Co., the nexus of "stainless steel." Its use in medical and dental apparatus cutlery, fine tools, etc., is extensive.

The infinite contacts of this complex industrial structure with the entire field of chemistry required a thorough organization of these allied activities. The coping stone is the Carbide and Carbon Chemicals Corp. This company produces acetone needed as a solvent in manufacturing acetylene; a good case of the "vertical trust." It makes a wide line of other solvents, and various ethylene derivatives. Ethylene arises out of its other manufactures, and is not only valuable as an anaesthetic, etc., but as "prestone," ethylene glycol is being sold as an anti-freeze solution for automobiles. It seems to have outdistanced all competitors, technically, in this highly important field. It is also important in explosives manufactures, being related to glycerine. Great importance should also be attached to revolutionary products in gasoline derived from natural gas.

While each of Union Carbide's subsidiaries has its own research laboratory, a central research laboratory is maintained in Long Island City, N. Y. Hundreds of employees are here employed in co-ordinating research and also in pure research. Unheard of sums are lavished in this manner, and Union Carbide has first rank among chemical firms in its zeal for scientific development.

An interesting side-glance at this

laboratory is shown by the fact that while it enables customers to make better use of Union products, such enquiries by customers, themselves act as a commercial survey of present industrial problems.

Union Carbide, then, is the most extensive and intensive organization in the chemical field. Its number of activities is not exceeded, but what is most important it is a rounded whole. Every activity was called forth by problems arising out of previous activities. The company has experienced a steady organic growth in the past and undoubtedly will do the same in the future, as it stands second to none in progressiveness. Laboratory progressiveness, when not used irresponsibly is the core of future chemical company profits.

Earnings have shown progress, but company reports have erred on the side of conservatism. For example, in 1924, only \$6.30 per share was shown. But charges for expansion and research were \$3 to \$4 a share, and depreciation \$2.32 a share. It must not be forgotten, however, that all of the great expansion of the company for years, has, in effect, been carried out of earnings, with only minor additions from other sources. It is expected that when 1925 earnings are revealed, the company, after all these customary elaborate deductions, will show net earnings as better than in 1924.

Financial conservatism of the company is revealed in its balance sheet. Current assets were 80 millions and liabilities 14 millions; working capital, therefore, 66 millions. Surplus stood at 75 millions. Net tangible assets per share were \$70 and are today probably more.

Tremendous scope of the company back of this earning power, and of the meaning of "net tangible assets" can best be grasped by the fact that the company has 98 plants and factories, 91 sales offices, and 633 warehouse stocks. It employs upwards of 25,000 persons.

Earnings and asset position alike make Union Carbide attractive, while expanding activities indicate that such a commitment would prove an excellent long-term investment. Purchase should be deferred temporarily until the general market rights itself.

Securities of Three Chemical Companies Compared

	Outstanding Shares	Earned Per Share, 1925	Net Tangible Assets per share	1925		1926		1926 Recent	Dividend	Yield %
				High	Low	High	Low			
Allied Chemical & Dye, pfd....	392,849	\$39.25A	\$485.00	121	117	121	120	120	\$7	5.83
Allied Chemical & Dye, com....	2,178,109	9.00B	69.50	116	80	142	112	115	4	3.48
Commercial Solvents "A".....	39,960	20.40	73.85	190	80	152	120	125	4	3.20
Commercial Solvents "B".....	47,064	13.80	43.24	189	76	146	118	123	..	...
Union Carbide	2,827,470	7.00B	70.00	81	65	84C	78C	78C	5	6.40

A—Average four years. B—Estimated. C—N. Y. Stock Exchange, Trading began March 1, 1926.



Purchasing Good Value*

THE well known business practices of large corporations offer many valuable object lessons to the individual who, like the large corporation is attempting to build up a surplus of wealth. Probably none of these are of more direct value than the facilities with which a well managed corporation provides itself to purchase its materials and supplies. The purchasing agent and his staff are charged with the important duty of making sure that the corporation will get good value in all of its purchases large and small. Even small items are purchased with the same capable merchandising methods as contracts for raw materials which run into seven figures.

The average small family spends \$5,000 more or less for its maintenance, investment, insurance, recreation and numerous other items in the course of a year. More often than not, the housewife spends most of the money for the upkeep of the household and is characteristically thrifty and judicious in her purchases. Being the erstwhile purchasing agent, she might well familiarize herself with some of the arts of the profession.

Quantity buying may be made the means of substantial savings, and is especially applicable in

the acquisitions of foods and provisions for the table which represents a large part of the household expenditures. Staple foods such as canned goods, sugar, potatoes, dried fruits and flour are sold in bulk at attractive discounts. In the purchase of clothes, quantity buying is not practicable but a similar saving can be accomplished by buying during the off seasons. In furniture purchases, where styles and design hold comparatively constant from year to year, it will be found that costs vary with the month of the year. If possible, the household expenditures should be made at times when buying is generally light and the seller is willing to make concessions to the buyer.

The cash discount is another means of saving that is always taken advantage of by the professional purchasing agent and should be taken into consideration in making household expenditures. In order to take advantage of the cash discount, however, the finances of the family must be so arranged that there is ample cash in hand when needed for this purpose. The housewife must expect the same cooperation in this direction that the purchasing division of a large corporation gets from the company's treasurer. The individual or family that always has its funds tied up will find that its normal living costs are higher than when a small margin for cash buying is always available.

*This is the third of a series of editorials on What Little Business Can Learn From Big Business.

The Pay-like-rent Theory Analyzed

The Rent Payer's Side of the Home-Owning Problem Presented in a Practical Way

By J. F. Gross

THAT home-owning is not always profitable as a business proposition is the theme of this interesting article, sent to us by an old reader of the BYFI Department. It is published because it contains facts which might wisely be considered by the prospective home owner, though it does not necessarily reflect the opinion of this department on the home-owning question.

with the chance in his favor that the average may be less. Now here is the milk in the cocoanut. When Mr. Home-Owner purchased his home and advanced the \$1,000 in cash, as first payment, Mr. Renter invested \$1,000 in a building and loan association with interest at 6% compounded semi-annually and also invests \$250 annually thereafter on the same conditions, this being the amount it costs Mr. Home-Owner to run his home. At the end of the sixteen year period when the home is finally paid for the financial condition of these two investments will stand about as shown in the accompanying table.

This shows that Mr. Renter's investment is better by \$3,000 than Mr. Home-Owner's. But this is not all; Mr. Renter has had, over all these years, other financial advantages. His investment has always been liquid and available at any time at its full face value, whereas Mr. Home-Owner's equity has always been tied up and has never been available at anything like what it cost and might have been lost entirely in the event of an emergency or forced sale of his home.

Thus I can see nothing but financial loss and grave hazards in the popular slogan of buying a home on the rent paying plan.

Note: Interesting articles by subscribers in response to Mr. Gross's statements will be published and paid for, upon publication, at our usual rates.

OWN your own home and pay for it with rent" is a familiar slogan to every one and one with which real estate dealers conjure a great deal. This theory is also sometimes promulgated by newspapers and magazine articles. There was an article of this nature in a recent number of THE MAGAZINE OF WALL STREET purporting to show, in dollars and cents, the actual savings made in buying a home on the installment plan instead of paying rent on a similar home "across the street." The article referred to above inspires this response.

This idea of buying a home and actually paying for it with a goodly portion of the rental money is a very catchy and alluring proposition, not only to the credulous and uninitiated, but to people in general. At first blush it seems that right here is where we get something for nothing but there is no such animal insofar as I can figure out. In the light of cold facts and figures, this theory appears to be mere financial sophistry, used by some unscrupulous real estate salesmen and not sound economic reasoning.

The one that buys a home assumes numerous obligations that the one who rents is not concerned with, such as insurance, water rent, taxes, repairs, upkeep and not infrequently obsolescence, bonus for original financing and in some cases bonuses for renewing or refinancing the first mortgage from time to time. These items, that are often overlooked in buying a home, more than absorb the savings from the rental payments. And this is the rock upon which the theory of paying for a home with rent is wrecked. As an illustration take the following example:

Mr. Home-Owner buys a home on the

installment plan for \$11,000 (the lot being valued at \$2,000 and the house at \$9,000), paying \$1,000 cash down and \$1,000 a year in equal monthly installments. On this basis it will take about sixteen years to pay for the home. The usual bonus charge for original financing is 10% of the cost but in this problem the amount is only \$1,000 and no additional bonuses for refinancing. Insurance, water rents, taxes, repairs and upkeep will cost, on a home of this price, on a very conservative basis, \$250 a year.

Mr. Renter rents a similar home, paying a similar amount, \$1,000 a year as rent also payable in equal monthly installments. He will have to pay more than this when the house is new but over the period of years it takes to pay for the home the average monthly rental will not exceed this amount

The Rent-Plus-Investment Plan Vs. Home-Owning

Mr. Renter:

\$1,000.00 Original investment interest at 6% compounded semi-annually for 16 years	\$2,550.00
\$250 Invested annually interest at 6% compounded semi-annually for 16 years	6,450.00
Total cash value	\$9,000.00

Mr. Home-Owner:

Cost of home, now paid for	\$11,000.00
Bonus for financing	\$1,000.00
Depreciation on house for 16 years, 50%	4,000.00 5,000.00
Net value of home	\$6,000.00

What To Look For In An Oil Investment

The First of a Series of Educational Articles Which Will Cover Investments in the Major Industries

By STEPHEN VALIANT

THERE are two kinds of investors—those who buy on irresponsible “information,” and those who either investigate every security that they purchase, irrespective of how strongly the investment is recommended to them, or depend on authoritative counsel. In the long run the latter type of investor will have more money to show for his efforts, greater security for his invested funds and the satisfaction of doing a thing right. The difference between a successful investment and an unsuccessful one lies chiefly in the manner of selecting the most desirable securities.

Various types of investments respond in different ways to the same factor. For example, an abundant wheat crop may result in low prices and the additional expense of bringing a large crop to the markets will leave the farmers in the wheat growing sections with less money to spend. It is possible that an aggravated situation of this nature might adversely affect the manufacturers of farm implements or possibly the mail order houses that serve the rural districts. On the other hand, the movement of heavy crops will swell the treasury of the railroads which serve these sections of the country.

Securities Are Grouped

Because the securities of each major industry, have their own criterions of value, securities are classified in groups such as the steel stocks, the automobile stocks, the railroads, the equipments, the public utilities, sugars, tobaccos, chemicals, machinery and other groups. A thorough investigation should start with the industry in which the security

originates. Is the condition of the industry satisfactory; are most of the companies making money and what is the outlook? The answer to these questions, to a large extent, will be a deciding factor in the selection of the investment under consideration.

In deciding upon an investment in an

operated exclusively in the refining and distribution division, in previous years, as the Standard Oil Companies did, have subsequently obtained their own supply of crude oil either on royalties or contracts or through subsidiaries that own their own producing wells.

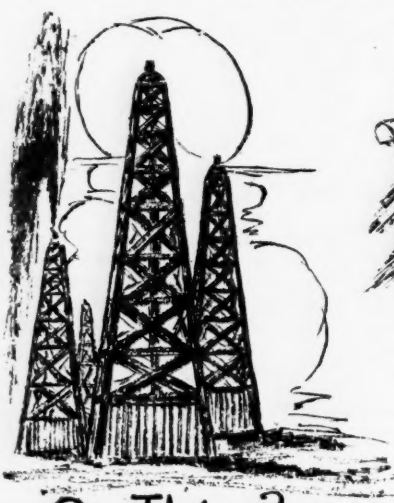
One does not inquire today whether

a company is a producer or a refiner if its principal activity is in production or in refining or marketing. The refining companies at one time were not very greatly concerned with the price structure of the industry nor the outlook for price advances or declines. They did a hand to mouth business and operated on a fairly steady margin of profit, irrespective of the profits or deficits which the producers were showing. Refining was a manufacturing proposition with them; they bought their raw material at a price and sold the refined product at a higher price, the determining price factor at all times being the supply of crude and the demand for gasoline.

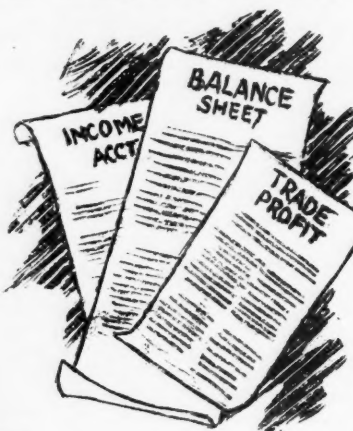
This situation has changed within the

past few years. The refining capacity of the industry, has been increased greatly because every producer built its own refining property. As long as there was an abundant supply of crude, the refineries operated to capacity, turning out a greater volume of the various refined products by the latter part of last year than was called for by current demand. It follows that the refining division of the industry is operating on a slim margin of profit at the present time and that this situation will continue until the ever increasing demand catches up more nearly with the capacity of the industry. At the present time, therefore, an extensive refining

DO YOU BUY OIL SECURITIES



On This ?



Or This ?

oil security, therefore, we must first look into the condition of the industry. The petroleum industry has two main branches, the producing division and the refining-marketing division. Each has its own peculiar characteristics.

Before the war, the various companies that operated in the oil industry were usually either producers or refiners. Since that time, however, there has been a marked tendency for all of the large producing companies to build their own refining plants. With their entry into the refining end of the business, it became essential that they should also enter the marketing phase of the industry. The companies which

equipment is not the bullish argument that it was in past years.

In the production division, the favorable points are confined largely to two factors: high prices and a declining production present and prospective. The producer's business is to drill for oil and ship it to the refinery. Drilling costs are fairly constant. The variable is the price that he receives for the oil he takes out of the ground. When prices are high, his profits are large. When prices are low his profits are small or are entirely eaten up by the cost of getting it out of the ground. At the present time, crude prices are fairly satisfactory; production has been steadily declining for about nine months and there is nothing in sight that suggests the possibility of a large increase in production for the immediate future.

After the investor is satisfied that the condition of the industry is favorable for the investment of his capital, the next consideration is the selection of the most suitable companies in the industry. For this he turns to the statements issued by the companies. From the earnings statement, he ascertains what kind of a profit the company is able to show in its shares during the years least favorable for profits as well as in the good years. He should study the auditing practices of the company. This is more important in the case of an oil (or mining) company than most other industrials. If the company merely reports how much profit it makes from the sale of oil drawn out of the wells, the investor does not get a true picture of the company's earning position. The more oil it sells, the less it has left for sale in the future and the value of the company decreases, unless the depletion referred to is offset. This may be offset by acquiring new producing lands or proving another sector in the company's undeveloped holdings, or, by setting up suitable reserves against the decline of production at the wells. *It is important that these charges are deducted out of the earnings of the corporation, however, and are not capitalized by issuing new securities.*

In the latter case, the net worth of the shares continues to decline even though the assets of the corporation are maintained at a set amount.

Then we turn to the balance sheet. The property account means nothing

unless it is presented in fairly good detail. For instance, we might find 50 million dollars on the balance sheet which represents the total value of leases on productive and non-productive property; pipe lines, refineries, equipment for drilling and other items of a fixed value. Usually some explanation is made of the value of the unproven (non-productive) leases and how this value is arrived at; sometimes unproven lands are set down at a nominal value and are worth potentially very much more. The location and usefulness of the pipe lines is another pertinent inquiry. Refineries and equipment are probably carried at cost and may be accepted at this value. The value of the productive leases probably represents the largest part of the property value. An interesting comparison, if obtainable, is the estimated reserves in the proven lands (in terms of number of barrels) and the value that has been set on this oil in the ground per barrel.

The latter figure will vary a great deal with each company and should be compared with the cost of producing oil as shown in the past experience of the company. In other words, leases which are drilled with the fewest dry holes contain oil that is entitled to the highest valuation because it is worth more to the company in terms of net profit when drawn from the ground. A short cut to this data can usually be obtained from a study of the income accounts over a period of years. If the operating costs are not too high in comparison to the operating revenues, the indication is that the drilling campaigns are conducted efficiently and profitably. Investors are apt to reason that if an oil company has a large production, it is making a lot of money for the shareholders. This, however, does not necessarily follow. The finding of oil is a costly proposition and under adverse circumstances, it is possible that a company will produce a lot of oil without making much of a profit by doing so.

The remaining important item on the balance sheet is the item that covers inventories and supplies. This includes oil in storage, unless a separate item for storage oil has been provided in the statement. At the present time, a large inventory account is a bullish factor, especially if a comparison with the

statements of previous years shows (as most oil company's statements do) that the accumulation of storage oil started in 1922 or 1923 at the low ebb of prices. The existing prices at which the companies can sell this oil today is probably considerably higher than the cost at which they purchased oil for storage purposes during the past few years. Consequently, a large amount of oil in storage represents a substantial paper profit which might increase if future price advances materialize as is quite probable at present. On the other hand, large supplies of crude are a bearish factor when oil prices are falling.

These considerations pertain to stock investments in oil companies rather than bond investments, and will serve as a guide in calculating whether the income on the stocks will continue as far ahead as one can look into the future with reasonable certainty. The desirability of the bonds of a petroleum company, of course, is judged in much the same manner as any other industrial bond, namely whether the bond is amply secured and if the fixed charges of the bonds are earned by a good margin of safety. In one respect, however, an oil bond differs essentially from other types of industrial bonds. The security back of the bond is the oil in the ground. Theoretically, the security may also include refineries, pipe lines, drilling equipment, and other property owned by the oil company, but obviously, the value of any property depends upon the company's ability to obtain a supply of petroleum to use in its refinery, pipe lines, etc.

The amount of oil that is supposed to lie under the leases owned by the company can be estimated in various ways with a fair degree of accuracy. However, these reserves, at best are only the geologists calculations and the investor who selects an oil bond should expect a wider margin of fixed assets per each \$1,000 bond than he would with other kinds of property security that is all above ground and can be accurately appraised. Preference should also be given to a bond that has a large sinking fund. Each year that oil is extracted from the ground, the amount of bonds outstanding should decrease correspondingly. The sinking fund provision of some oil bonds retires the entire issue by the maturity date.



for MARCH 13, 1926

The Unlisted Securities Market

How the New York Telephone Company Plays an Important Part in the Over-the-Counter Market

“WHAT’S the market on Borden Company common stock?” asks the customer of an investment firm over the phone.

“Hold the wire just a minute, please.”

A lapse of perhaps thirty seconds more or less follows. The customer’s man in the board room is getting in touch with the firm’s trader in unlisted securities, over one of the firm’s inside wires. Then he turns to the telephone on which the customer is waiting.

“Borden common is 100 bid; 102 asked,” is the reply.

“Is the market very active this morning?”

The customer asks this question because he wants to know how much stock he could buy or sell at these prices. It can be assumed that the customer’s man at the other end of the wire has anticipated this question and replies:

“Good for 100 shares on both sides of the market.”

“All right,” responds the client. “Buy 100 shares for my account.”

What has happened during the thirty seconds lapse of time? How did the trader for the firm know that the real market value of the stock was 100 bid and 102 offered? How was the market made at these prices?

Most investors have only a vague idea of the mechanics of the unlisted market. From experience, they may know that if they phoned ten different firms all at the same time they would get the same quotation, but beyond that the unlisted market is pretty much of a mystery.

Let us go into the trading room and get an inside picture of the procedure followed by the trader in a transaction in an unlisted stock. In the trading room we see a number of desks. Each desk has five or six telephones on it. A number of men are sitting at the desks in their shirt sleeves, talking into three phones at the same time and burning the desk with half smoked cigarettes that are forgotten for the moment in the nervous tension of buying and selling over the telephones. The casual visitor is impressed with the great number of telephones working at the same time in the trader’s room. Upon inquiry he probably will learn that there is a special telephone switchboard with a highly trained operator for the exclusive service of the unlisted department; that this switchboard has a number of trunk lines with numbers not listed in the phone di-

rectory, but known to operators at other firms and, in addition, there are private wires that run direct to the trading rooms of other firms.

As you begin to suspect from this description, the telephone is the trading floor of the unlisted securities market. When you stand in the visitors’ gallery of the New York Stock Exchange and look down on the trading floor, you get a panorama view of the exchange members gathering at the various trading posts, shouting their wants and offerings to the specialist in the various listed stocks. If you could unhook the roofs from the skyscrapers in the financial district and look down from an aeroplane you could get a similar view of the various trading rooms with the unlisted brokers sending their wants and offerings over the telephone wires to the specialists in the various unlisted stocks. The unlisted stock brokers buy and sell over the telephone in the same way that the exchange members buy and sell on the floor of the exchange; the specialist in either case quoting the market from minute to minute as the buying and selling orders reach him.

Now you can guess what happens when the customer’s man in the board room picks up a telephone to get a quotation from the firm’s unlisted trader. Exactly! In an instant, the trader has the specialist of the stock in question

on the phone and finds out how the market stands at the moment.

As soon as he gets the quotation from the Borden Company stock specialist, he communicates the information to the customer’s man; the customer’s man quotes the stock to the customer at the other end of the wire and the customer places his order. Five seconds later, the trader gives his order to the specialist and the transaction is completed.

From ten to three the trader leads a most strenuous life. His telephones are constantly bringing in a flood of inquiries from other traders who want quotations, offerings or bids; at the same time, he is talking to other traders to get the quotations that he wants.

In spite of the physical handicaps, the unlisted market is a sensitive organism. When a bank throws a big block of unlisted securities on the market that it wishes to dispose of for one reason or another, the traders who are interested in this particular stock know immediately what the situation is, and the over abundant supply causes an adjustment in the price. The reverse occurs when especially heavy buying comes into the market. The telephone wires are the nervous system of the unlisted market, and make it possible for the market to react smoothly and evenly to all influences which affect the prices of the unlisted securities.

Is Wall Street A Mystery To You?

If you think that Wall Street is as much of a mystery as it is sometimes said to be, investigate for yourself. You will find that the business conducted in “the Street” is an open-and-above-board business and that the more you know about it the more human it becomes. BYFI for many years has been taking the mystery out of Wall Street by giving its readers inside pictures of how the security dealers function.

No doubt there are still some phases of Wall Street’s activities that are not clearly understood by our readers. As we continue to receive further requests for articles of this type, we will continue to present more of these little inside stories of the workings of Wall Street.



A Married Man Seeks More Protection

*This and Other Interesting
Everyday Problems Are Solved*

By FLORENCE PROVOST CLARENDON



Insurance Editor:

I am thirty-eight years old, married, and have two sons whose ages are three and six. My gross income is \$5,000 per year. I am carrying a fifteen-year paid up policy for \$2,000, maturing in 1931. I have also carried for some years \$7,000 in straight life policies. I know that I am under insured. Please let me have your recommendations as to how much additional and what type of policies I should take on. As a general thing do you believe that I should carry additional insurance in a single policy or several in units of \$1,000 or \$2,000 each? —B. H. E.

I have your letter of the 2nd inst. and note that you are now carrying \$9,000 life insurance, premiums for \$2,000 of which will be paid up in six years. With a wife and two small children to protect in event of your untimely death, you should undoubtedly increase your coverage.

You do not state what other investments you have or if you have assets which would increase your estate beyond the life insurance policies. A thrifty and conservative plan followed by a number of thoughtful men is to set aside 10% of the annual income toward payment of life insurance premiums, and 10% in investments carefully selected or in savings bank.

I would suggest that you increase your life insurance holdings by at least \$10,000, and that you consider applying for same on the 25 Payment Life plan, under which all premiums would

be paid, if taken at your present age of 38, in your 63rd year. In a non-participating company this policy would cost approximately \$264 annually. If taken with a participating company, with annual dividend reduction, the premiums in the early years would be about 20% higher than that above stated, but in the final analysis the cost to the insured would work out about the same.

There is no reason why this increased insurance should not be taken in one policy, rather than several policies for small amounts. As you feel you can afford it, you should consistently add to your insurance protection. I would suggest that in taking this additional policy for \$10,000, you stipulate that the proceeds be paid as income for a period of years, in preference to a lump sum which would require your beneficiary seeking investment for her funds.

Shall I Change My Policy?

Editor, Insurance Dept.:

Being a subscriber to THE MAGAZINE OF WALL STREET, I wish to take advantage of your expert advice in helping me to decide on the amount and kind of insurance I ought to carry.

I am 27, single and earning \$45 per week. At present I am carrying a \$1,000 twenty-payment life policy with a Mutual Company, but I am thinking of taking my cash surrender value on this policy and converting into a term insurance policy. I then intend taking

out a \$5,000 fifty-five year annuity policy with an Old Line Company at a cost of about \$175 per year, which offers several very attractive options at the age of 55. Will you kindly advise me if you think my plan a wise one?

E. M., New York City.

We do not approve of your suggestion to change your 20 Payment Life policy to the Term plan. This policy is now placed on a good permanent form with cash, loan and surrender values, and the benefits which are included in this type of protection. You are young and will probably marry later on and it is preferable to keep this insurance in its present form.

We do not quite understand the exact form on which you state you anticipate applying for \$5,000 additional life insurance at a cost of about \$175 a year, but assume that it is insurance with life income at age 55. This is a good thrift plan and guarantees an income in later years.

Insurance for Old Age

Editor, Insurance Dept.:

I have been reading with interest your articles appearing in THE MAGAZINE OF WALL STREET, but I am unable to decide what will be the best program for me to follow.

I was 43 years of age last August, unmarried, and beginning to think I ought to look ahead, should I live to reach an age where I would be unable to work; also in case of death that there be sufficient funds with which to give me a decent burial. My income is \$175 per month, and as I am keeping house, with one dependent, I have about \$60 remaining after all expenses.

What would be the best policy for me to carry if remaining single, and also should I marry? What is the cost per \$1,000 at my age for any kind of policy—Twenty Payment Life, Ordinary Life, one with indemnity and disability clause, endowment policy, or any other?

I will greatly appreciate any suggestions you may have to offer me in this line.

Yours very truly,

H. S., Union City, N. J.

If you have \$60 a month over and above your expenses, you should be able to divert a good part of this toward saving, for protection of your dependent in event of your untimely death, and for your own maintenance should you live on to a good old age when your earning power would normally decrease,—or cease altogether. I would suggest therefore that you consider taking out an Endowment policy on the 25 year plan, which would mature and yield its proceeds to you when you are 68 years old,—or be paid to your beneficiary should you die prior

BYFI Recommends

Bonds with a high factor of safety, ready marketability and good collateral value:

	Approx. Price	Yield
N. Y. Telephone Co. ref. 6s Ser. "A" '41.....	108	5.2%
Del. & Hudson 15-year 5½s '37.....	103	5.1
Bethlehem Steel 1st guar. 5s '42.....	98	5.2
N. Y. Cent. & Hud. River deb. 4s '34.....	95	4.8

Bonds with a good factor of safety, fair income, good marketability and collateral value:

American Sugar Ref. 15-year ref. 6s '37.....	104	5.6
Anaconda Copper 1st 6s '53.....	103	5.8
Cuba Railroad 1st 5s '52.....	91	5.7
U. S. Rubber 1st 5s '47.....	92	5.7

Preferred stocks with ample security, a liberal income return and some possibility of enhancement in value:

Famous Players Preferred (\$8).....	120	6.6
U. S. Smelting & Refining preferred (\$3½).....	49	7.2
Schulte Retail Stores preferred (\$8).....	117	6.8
Willys-Overland preferred (7).....	97	7.2

to that time. A 25 Year Endowment policy taken at age 43 in a non-participating company would cost about \$35.60 per \$1,000, and if you take a policy for \$10,000, with a premium of approximately \$356 annually—it would mean a saving on your part of about \$30 monthly to meet the annual premium. You would pay in premiums over the 25 years about \$8,900, and would receive at the maturity of the Endowment \$10,000. You will remember that if you should die at any time after the first premium on the policy is paid the full amount of the \$10,000 policy would be paid to your beneficiary.

The inclusion of the Disability Benefit, at a small additional annual cost, would be an added protection in event of your total and permanent disablement at any time prior to age 60. This benefit provides that in case of such permanent disablement the insured is not necessitated to pay any more premiums on his policy, and he is entitled to an income of 1% a month of the face value of his policy up to age 68, at which age (if he be then alive) he enters on the possession of the proceeds of his policy. Some companies will continue the monthly income on an Endowment policy during the remaining lifetime of the insured, irrespective of the fact that the Endowment had meantime matured and been paid in full to the insured at the maturity date. Total and permanent disability prior to age 60, in such circumstances, means that the insured is so incapacitated that he is unable to pursue a gainful occupation.

Is Insurance Taxable?

Insurance Editor:

I wish to know if insurance taken out and made payable to an estate is taxable in the event that the insurance was taken out for the purpose of administering an estate? How would it be better, to make it out to avoid any complication?
—Dr. A. H. S.

In reply to your recent inquiry, Life Insurance proceeds payable to a named beneficiary are free from inheritance taxation at present up to the sum of \$40,000. If the well known Frick Decision is sustained in the higher courts, life insurance in indefinite amount—running up to far larger sums than that named—will be deemed exempt from such taxes when payable to a named beneficiary.

I would, therefore, advise that you apply for life insurance in a sufficient amount to meet the necessary administration expenses of your estate, making the policy payable to a definite named beneficiary—not "Estate." The purpose of this particular policy and the manner in which its proceeds are to be applied could be set forth in a letter or memorandum which you could file with the policy itself. In this way the usual estate taxes and the expenses incidental to the sickness and death of the testator could be promptly paid.

If You Have An Income Building Problem



write to
BYFI



Shall I Put All in B. & L.?

Dear BYFI:

I have a settled income from which I can depend upon \$40 a month for savings, but no more, after paying all my living expenses. After much deliberation I have come to the conclusion that Building Loan shares are the best investment for me, but have never made any investments of any kind and I would like to get your opinion before I place all of my savings in this type of investment.—F. R., New York City.

We consider Building and Loan shares a good investment, providing, of course, that the association is well established and managed by capable officers. However, it might be a mistake to put every cent of your savings in Building and Loan shares without providing yourself with a reserve for emergencies either in a savings bank account or in readily marketable bonds of small denomination. Why not put a small amount each month in a savings bank and the balance in the installment payments against the Building and Loan shares? You might find the bank account useful at some future time if for no other reason than to keep your Building and Loan payments going or to meet some extra expenses.

Pay Off the Mortgage?

Dear BYFI:

I have a few thousand dollars coming to me next month; just enough to pay off a small first mortgage on my home. Would it be easier to sell the house with a mortgage or without one and would you advise me to invest this money in good securities or to pay off the mortgage? I am paying 7% interest on the mortgage but could get this same income by buying preferred stocks.—M. L., Kansas City, Mo.

If you are paying 7% on a mortgage on your home, we would advise you to use the money coming to you to pay off the mortgage, because you can get better security in an investment in your own home than you could get from the average security that pays an income of 7%. The sale value of your house with or without a mortgage would depend upon the requirements of the buyer. Some

buyers prefer to purchase a home that is free and clear of all encumbrances, especially, we should think with a 7% mortgage; on the other hand, the buyer may have a smaller amount of money to invest in a home and would prefer to buy the smaller equity.

How to Plan a Budget

Dear BYFI:

Do you have a good standard budget that you would recommend for an income of \$5,000 a year, that would show the proper percentage of saving, rent, food, clothing, etc., etc. I am convinced that budgeting is the only practical way for a man with a family to save money and would like to get some assistance in planning my budget.—S. G. R., Louisville, Ky.

We do not believe in standard budgets; a budget should be planned for your own individual needs. The budgets that are published in this Department are based on the experiences of the author and are presented to our readers because they are useful in planning an individual budget. Before establishing your own budget, keep an exact record of your expenses for several months; then see what items you can cut down on without materially reducing your standard of living or comforts. After you have cut out the unnecessary items, plan your budget to suit your needs. It is a good idea to have at least one item in your budget that is elastic enough to provide for extraordinary expenses.

Interest on Short Sales?

Dear BYFI:

When selling a stock "short," is not the customer entitled to receive interest on the credit balance of his "short account" with the broker?—H. S., New York City.

The interest payable on a "short account" depends upon the stock that is borrowed and sold. Some stocks loan "flat" or in other words no interest is paid by the lender; others loan at a premium to be paid by the borrower. These loan rates are published in the daily financial papers.

A Budget That Kept Our Heads Above Water

This Interesting Experience Story Shows the Wide Difference Between Merely Recording Expenses and Budgeting

By F. W. Gay

THIS story gives the financial history of one small family which may perhaps bring back "memories" to some, or carry a bit of human experience of interest to others.

Thirteen years ago a young couple married, and started on a trip to Bermuda with \$100 and the fixed idea that the faithful keeping of an expense book would solve all financial problems. Ten days later the \$100 was faithfully recorded in the expense book and the couple started housekeeping, \$80 in debt to the groom's parents. A year later the book showed where the income had gone, but the couple were still

in debt, with the bride's parents "holding the sack." The year had been unprofitable financially.

Determined to make a showing the second year, they decided to erect a small cottage on a shore lot and pay for it as built, from savings. This lot was their sole asset and netted them annually a tax bill. The cottage was built for \$550 when the couple found that, to rent, it must be painted, screened, plumbed and furnished. This necessitated further scrimping and at the end of the year \$1,014 had been paid on this cottage, all out of savings and on a salary of \$2,400 per year. In

addition to this all debts were paid; but this year had also been unprofitable. Clothes were worn shabby, friends had been shunned to avoid expense and all social demands neglected.

A careful accounting at the beginning of the third year, resulted in the preparation of a budget. For this work, the little expense book kept so faithfully the first year proved a boon.

Eleven years have gone by. Two years out of the eleven, the budget was overrun several hundred dollars on account of emergencies, but generally it is met within half a hundred. This year the couple find they own fully paid, the improved summer home now worth \$3,000, a city home worth \$10,000 and \$6,000 of investments. These investments have been either in first mortgages on real estate, or bonds chosen from the Bond Buyer's Guide of THE MAGAZINE OF WALL STREET. All bonds have shown a substantial increase in value over the purchase price.

Fourteen labeled envelopes are kept in a special drawer and at the beginning of each week the proper amount of money is placed in each one. At the end of each month all amounts over, are deposited in the savings bank. An accurate account is kept of such deposits or any withdrawals in a card file. At the end of the year stock is taken, and any surplus is credited to savings.

We are firmly convinced that this is not only a method of "Building a Future Income," but also its present return in satisfaction and contentment is immeasurable. Anyone who has tried a budget system of this sort, will never be satisfied to go back to a haphazard method of finance.

Editor's note: The interesting feature of this budget lies in the fact that it planned to take care of the actual expenses as recorded in an expense book kept by the author for several years. In making up any budget for household purposes, the expense account will prove to be a valuable aid in effecting savings by cutting down unessential expenses to a minimum. When finally completed, a budget that is based on an actual expense record will be thoroughly practical and not unwieldy.

A Practical Yearly Budget Based on Thirteen Years' Experience

Food and Ice	\$550✓
Auto	360✓
Taxes	250
*Clothes	200✓
Church	200✓
House Maintenance and Repairs	200✓
Insurance	150
Two Weeks' Vacation	150
Coal	125
Christmas Expenses	125✓
House Furnishings	100✓
Doctor	100✓
Recreation	100✓
†Trip Money	100✓
Ice Cream and Candy.....	100✓
Business Expense	65✓
Incidentals	50✓
Presents	50✓
Electric and Gas	45
Telephone	35
§Savings	1,800
	\$4,855

*This item made low for 1925 because no heavy coats were needed. Will be \$300 in 1926.

†This money placed in savings bank and allowed to accumulate for "that trip" some day.

‡Does not include interest on investments (this is counted as capital), but does include rent of cottage.

§These fourteen items are handled by my wife in the manner described in the text of the article.



Sinclair Consolidated Oil Corp.

Sinclair's Prospects Best in Years

Expansion Program Bears Fruit

ALTHOUGH Sinclair Consolidated Oil Corporation is usually classified as one of the largest of the independent oil companies a reasonable doubt may exist whether the company is an "independent" oil company in the strictest sense of the word. Originally, the term "independent" was commonly used by investors to designate the petroleum companies that competed with the so-called Standard Oil group. It threw up a picture of a small company striving to exist and prosper on the crumbs that fell from the table of Mr. Rockefeller's companies and from the record of the oil companies that occupied this position it was certainly no bullish argument to be independent.

Irrespective of where the theoretical control of Sinclair lies (and it probably lies in the open market) the specific associations of the Sinclair company with the Standard Oil Company of Indiana and the less specific trade relations with other Standard Oil units suggest that Sinclair Consolidated is at least a distant relative in the Standard Oil family. Sinclair and Standard Oil of Indiana both own a 50% interest in Sinclair Pipe Line and Sinclair Crude Oil Purchasing company, two of the most important Sinclair subsidiaries. The nature of the control arrangement in both instances is such that the mutual profits of both holding companies are dependent upon harmony in their operations.

To modify the above classification,

Sinclair is without doubt one of the largest and most important of the so-called "independents." Its properties, owned directly or indirectly, represent every phase of the oil business from the drilling to the marketing of petroleum products. Its crude oil supply is obtained from over two thousand producing wells located in the most important settled fields of the mid-continent district as well as the newer fields in Wyoming, Montana, Colorado, Nebraska and the Dakotas. It owns over 230,000 acres in the United States and 400,000 acres in Mexico as well as important concessions in South America and Africa. The present daily average production is close to 35,000 barrels.

The Sinclair pipe line system is one of the most extensive in the world, serving the important fields of Kansas, Oklahoma and Texas and reaching from the Great Lakes to the Gulf of Mexico. An extension from Missouri to Montana provides a number of the most important Rocky Mountain fields with their only outlet to the world's markets. The company's refineries are capable of handling a daily capacity of 65,000 barrels of crude oil for gasoline extraction alone; two plants, in addition to the above, turn out lubricants and asphalts and other heavier petroleum products. Last year the gasoline refining end of the business produced 500 million gallons of gasoline. The extent to which Sinclair's refining business has grown is indicated in the comparison with

1916 when only about 50 million gallons of gasoline were turned out.

Sinclair has been a heavy borrower and has a larger amount of bonds outstanding than any oil company of similar size. At the beginning of last year, its funded debt exceeded 96 million dollars. In addition, the pipe line subsidiary and the Sinclair Crude Oil Purchasing Company, both of which are half owned by Sinclair Consolidated, had bonds outstanding of 75 million dollars. Directly or indirectly, therefore the company has control of approximately 170 million dollars which was obtained through public offerings of its bonds; over three-quarters of this amount was issued subsequent to 1922. As long as the oil industry was struggling against adverse conditions, the large debt obligation was a burden on the company and certainly was not a bullish argument from the shareholders point of view. The market behavior of the stock reflected this situation. However, with the turn for the better that came in the industry last year and the steady improvement that has been felt since, the stock market valuation reflects a new hopefulness in Sinclair's future outlook.

Sinclair's borrowed capital has been put to profitable use. A large portion of this money was used to purchase oil at the low prices prevailing within the past few years; the balance was devoted to the expansion of refining and

(Please turn to page 926)

Sinclair Consolidated's Seven Year Record

	Total Production (bbls.)	Gross Income (million Dollars)	Net Working Capital (million dollars)	Earnings (Dollars per share)	Price Range	
					High	Low
1919	†4,023,281	77.0	35.7	2.55	64	41
1920	NF	166.6	53.8	4.75	48	20
1921	A 8,069,831	122.5	46.8	Nil	28	16
1922	B 13,198,938	131.0	61.6	3.23	38	18
1923 ...	B 15,847,000	107.6	25.1	Nil	39	16
1924	B 21,708,325	123.9	29.2	Nil	27	15
1925	NF	NF	NF	5.00*	25	17
					Recent price 21	

A—United States production only. B—U. S. and Mexican production. NF—figures not available. †Net crude oil production in 1916. *Est.

These 100,000-Mile Studebakers

Prove conclusively that Studebaker cars give years longer life and are more economical in the long run — due to Unit-Built construction.

Partial list of owners who have driven their Studebaker cars over 100,000 miles

Name	Mileage	Name	Mileage	Name	Mileage	Name	Mileage
Geo. Seelafer, Topton, Pa.	110,278	R. E. Francis, Indianapolis, Ind.	120,000	Walter H. Goodrich, College St.	126,000	George Ward, Ansonia, Conn.	110,000
John Winkquist, Salamanca, N. Y.	103,321	Webb Greer, Houston, Texas	100,000	New Haven, Conn.	210,237	Clark Barper, Kitta Hill, Ohio	135,000
C. J. Forness, Salamanca, N. Y.	121,280	Webb Greer, Houston, Texas	100,000	Connaughton-Walen Co.,		H. Kettler, Ironton, Ohio	100,000
Beau Taxi, Salamanca, N. Y.	103,222	Webb Greer, Houston, Texas	100,000	Old Monroe, Mo.	102,000	J. W. Truby, Ironton, Ohio	100,000
David B. Abrams, Northville, N. Y.	138,000	A. B. Pierce, Houston, Texas	150,000	Rus. Heycock, Olympia, Wash.	175,107	Hillstead & Grant, Int. Falls, Minn.	135,000
Chas. Ianders, Johnstown, N. Y.	117,000	H. K. Wheeler, Holyoke, Mass.	115,000	White Line, Lewiston, Me.	101,000	Red Top Cab Co.	
Empire Co., Gloversville, N. Y.	109,000	John Shea, Holyoke, Mass.	100,000	White Line, Lewiston, Me.	140,000	Wichita Falls, Tex.	160,000
Henry Lorey, Pipestone, Minn.	115,000	Chas. Koegel & Sons.		R. S. Whitney, Lewiston, Me.	100,000	Red Top Cab Co.	
Bert Flynn, Bloomington, N. J.	135,000	Holyoke, Mass.	100,000	Anton Anderson, Montevideo, Minn.	220,000	Wichita Falls, Tex.	120,000
F. H. McCord, Dexter, Me.	150,000	Dr. J. C. F. Hutton, Miami, Fla.	100,000	Pete Stalmen, Morris, Miss.	125,074	Dr. H. E. Funk, Culbertson, Nebr.	117,000
County of Kern, Bakersfield, Calif.	138,000	M. Snyder, Miami, Fla.	300,000	White Line, Lewiston, Me.	125,000	M. B. Greenlee, Terre Haute, Ind.	211,536
Anderson Stage Co., Mojave, Calif.	100,000	P. Madison Fire Car, Ft. Madison, Ia.	340,000	Al Jennings, Salina, Kans.	162,000	B. F. Davis Bus Line,	
Geo. W. Rickhill, Bisbee, Ariz.	150,000	John Snyder, Joplin, Mo.	200,000	Youngtown Southern Trans. Co.,		Terre Haute, Ind.	108,036
F. E. Spicer, Dodge City, Kans.	100,000	John Snyder, Joplin, Mo.	180,000	Columbiana, Ohio	110,000	Warner Paige, Terre Haute, Ind.	103,469
Frank Hessman, Dodge City, Kans.	168,000	John Snyder, Joplin, Mo.	150,000	Youngtown Southern Trans. Co.,		W. B. Bruce, Terre Haute, Ind.	112,763
Les Spence, Monmouth, Ill.	136,000	D. W. Weir, Ashland, Ohio	250,000	Columbiana, Ohio	106,000	O. H. Hurd, Beaumont, Tex.	140,000
W. H. Whittle, Pasadena, Calif.	300,000	R. A. Ekey, Ashland, Ohio	100,000	Mat Stock, Glens Falls, N. Y.	116,000	W. H. Perkins, Dallas, Tex.	125,000
Thos. L. McDaniel, Pasadena, Calif.	225,000	W. D. Fry, Ashland, Ohio	100,000	Alias Gerlock, Memphis, Texas	124,000	Jack Snider, Dallas, Tex.	130,000
H. R. Taylor, Pasadena, Calif.	110,360	Stillwell Auto Livery,		H. Anderson, Jamestown, N. Y.	175,000	Larry Miller, Bemidji, Minn.	105,000
Wolter Mushrush, Pasadena, Calif.	125,000	Los Angeles, Calif.	100,000	R. B. Neale, Denton, Texas	200,000	Geo. Hickerson, Bemidji, Minn.	160,000
Police Dept., Pasadena, Calif.	152,000	Stillwell Auto Livery,		R. B. Neale, Denton, Texas	100,000	Nick Elvis, Huntington, Pa.	166,556
A. W. Shaffer, Pasadena, Calif.	110,000	F. K. Eaton, Hollywood, Calif.	100,000	L. Leavelle, Denton, Texas	116,000	Geo. Magrin, Huntington, Pa.	105,351
F. H. Whitney, Buffalo, N. Y.	190,000	Bogren-Robinson Co., Potosky, Mich.	118,346	Horn Ice Cream Co., Norfolk, Va	182,000	A. E. DeCon, Woodbine, Ia.	120,413
Dr. Emanuel Miller, N. D.	100,000	Ed. Oberg, Merrill, Wis.	118,491	Frank M. Emerick, Johnstown, Pa.	130,000	Harry E. Yount, Dunlap, Ia.	120,413
Albert G. Dehn, Ritzville, Wash.	140,000	E. J. Tonnelier, Benton Harbor, Mich.	165,000	Yellow Cab Co., Benton Harbor, Mich.	100,000	Ira Mongeon, Laconia, N. H.	140,000
V. B. Bennington, Ritzville, Wash.	130,000	Joseph Scott, Rhinebeck, N. Y.	200,000	Yellow Cab Co., Benton Harbor, Mich.	100,000	Robert Shelby, San Antonio, Tex.	150,000
J. A. Adams, Ritzville, Wash.	120,000	M. Snyder, Boston, N. Y.	120,000	R. C. Gerald O'Daniel, Detroit, Mich.	149,586	Central Garage, Lake City, Minn.	117,000
Wm. Moore, Ontario, Calif.	105,000	Jack Lansford, Greenville, Tex.	150,000	A. E. Claxon, Detroit, Mich.	100,000	C. A. Goff, Ironton, Minn.	116,000
J. Lawrence, Port Jefferson, N. Y.	146,000	H. A. Funk, Winslow, Ariz.	110,248	J. W. Collins, San Antonio, Tex.	115,261	H. M. Wandre, Ironton, Minn.	135,000
E. A. Carper, Malden, W. Va.	101,264	Russell Freer, Highland, N. Y.	200,000	Capt. C. W. Titus, San Antonio, Tex.	136,431	Herbert Johnson, Roslyn, N. Y.	100,000
H. D. Ness, Smithport, Pa.	155,000	William McGail, N. Conway, N. H.	125,642	J. M. Taylor, San Antonio, Tex.	168,000	Johnson Co., Marshall, Texas	112,687
Paul Bartlett, 343 Saylor, Atlas, Pa.	137,000	Delmore Smith, N. Conway, N. H.	111,237	C. A. Goff, Ironton, Minn.	116,000	Eugene Bradley, Georgetown, Ky.	106,000
T. F. Tompkins,		Barnes Bros., Valparaiso, Ind.	110,000	W. C. Jackley, Anderson, Ind.	150,000	H. A. Savage, Fresno, Cal.	128,000
New Brighton, N. Y.	100,000	Eugene Hartkopf, Austin, Tex.	134,527	Ventura Refining Co., Santa Paula, Cal.	100,000	Art. Eddi, Nashwauk, Minn.	265,000
Dawson Garage, Pueblo, Colo.	103,000	E. A. Lawrence, Austin, Tex.	108,000	R. R. Wallace, Bigtown, Ill.	108,000	F. O. Boggs, Nashwauk, Minn.	165,000
Richardson & Smith, Devils Lake,		Mrs. F. Schvedel, Austin, Tex.	115,000	John Smalley, Jackson, Calif.	138,000	C. L. Baird, Atchison, Kans.	140,000
N. D.	100,000	A. P. Gardner, Frankfort, Ky.	238,000	Wm. Dement, Lodi, Calif.	125,000	Red Star Bus Line, Canton, Ohio	102,000
Alex Neman, Superior, Wis.	135,184	Fred H. Carlson, Creighton, Neb.	119,465	Burton A. Towne, Lodi, Calif.	104,500	Stuebenville Bus Line, Canton, O.	150,000
N. D. Brown, Waterville, Maine	105,000	Harry Brook, Sterling, Colo.	100,000	George Cross, Jeannette, Pa.	102,000	E. Liverpool Bus Line, Canton, O.	114,000
C. W. Evans, Waterville, Me.	100,000	W. E. Hemming, Sterling, Colo.	125,000	George P. Thompson, Irwin, Pa.	124,490	C. O. Bainbridge, Phoenix, Ariz.	352,000
Shance Transportation Co.,		Samuel Brown, Uniontown, Pa.	125,000	Blairsville Bus Co.	138,000	O. F. Anderson, Phoenix, Ariz.	121,000
Charlotte, Mich.	130,000	M. F. Sygal, Brainard, Neb.	100,000	Chas. Reese, Chicago, Ill.	100,000	Denver Stage Co., Denver, Colo.	100,000
John Bower, Bedford, Va.	120,000	S. B. Baker, Red Star Bus Line,		E. F. Turner, Chicago, Ill.	110,000	B. C. Oney, Sherman, Tex.	117,000
C. E. Pickens, Sidney, Ohio	210,000	Dunkirk, Ohio	150,000	A. F. Hoffman, Chicago, Ill.	250,000	W. L. Thomas, Long Beach, Calif.	125,000
F. O. Flours, Sidney, Ohio	110,000	L. Bamberger, Yuma, Ariz.	120,000	Mann Auto Co., Liberal, Kans.	150,000	Hiron Phelps, Long Beach, Calif.	150,000
F. J. Robson, Buena Park, Calif.	249,792	J. E. McGregor, Yuma, Ariz.	100,000	City Garage Co., Meadville, Pa.	100,000	C. DeAngelo, Long Beach, Calif.	140,000
F. J. Paul, Orange, Calif.	170,000	Biabe-Tucson Stage, Tucson, Ariz.	200,000	Lawrence Anderson,		L. H. Hurrroughs, Brunswick, Ga.	198,233
C. L. Beach, Bucyrus, Ohio	235,400	Biabe-Tucson Stage, Tucson, Ariz.	275,000	South Bend, Ind.	210,110	J. M. Armstrong, Brunswick, Ga.	235,221
Jerome Fisher, Bucyrus, Ohio	225,000	H. E. Kinnison, Tucson, Ariz.	300,000	R. R. & Harry Howbert, Lima, Ohio	100,000	Claude Armstrong, Geneva, Ohio	172,308
Roy Linn, Bucyrus, Ohio	120,105	Heber White, Buffalo, Mo.	142,000	William R. Jewesson,		F. M. Lord, Mt. Vernon, Ohio	100,000
Howell Davis, Westminster, Md.	125,000	E. T. Williams, Springfield, Mo.	112,000	Brooklyn, N. Y.	109,000	Robert Kersey, South Bend, Ind.	115,260
John Henshaw, Dobbs Ferry, N. Y.	241,000	Dr. L. J. Stetauer, Chicago, Ill.	120,000	T. A. Backe, Brooklyn, N. Y.	160,000	Platner Garage, South Bend, Ind.	214,140
J. E. Baker, Dobbs Ferry, N. Y.	180,641	Chas. Corley, Savannah, Ill.	100,000	E. J. Tonnelieu, Benton Harbor,		Dan Linn, Stockton, Cal.	127,000
George Ives, Gouverneur, N. Y.	110,000	David Gillogly, Savannah, Ill.	100,000	Mich.	175,000	Edward Dunn, Chillicothe, Ohio	210,000
Snow Valley Bus Co., N. Paint St.,		Dan Dauphin, Savannah, Ill.	100,000	Oscar Gernert, Shillington, Pa.	135,000	Peter Marakai, Waterbury, Conn.	100,000
Chillicothe, Ohio	100,000	Ralph Pierce, Melrose, Mass.	125,000	Ed. Oberg, Pier St., Merrill, Wisc.	118,491	Irvyng Raymo, Detroit, Mich.	140,000
Canon Ball Transportation Co.,		Oliver Mitchell, Boston, Mass.	150,000	Baker & Co., Modesto, Calif.	101,050	G. W. Confer, Xenia, Ohio	129,000
Portsmouth, Ohio	100,000	Joe McGlory, Highland Park, Ill.	215,000	F. D. Clements, Gasaway, W. Va.	128,000	A. J. Landon, New Ulm, Minn.	185,000
North Iowa Motor Co., Mason		Biss Russell, Highland Park, Ill.	106,000	R. R. Wallace, Bigtown, Hinton, Ill.	108,000	Harry Fasmacht, Union Depot, Pa.	141,587
City, Iowa	257,286	E. A. Bullock, DeLand, Fla.	102,000	T. S. Wright Temple, Texas	105,000	A. E. Hart, Evansville, Wis.	125,000
Bill Taxi Co., Mason City, Iowa	136,284	I. C. & E. Tractor Co.,		Oak Ridge Oil Co.,		Norman K. Stump, Akron, Ohio	156,596
Merchants Garling Oil,		Springfield, Ohio	100,000	Santa Paula, Calif.	100,000	C. F. Sutton, San Francisco, Calif.	110,000
Lockport, N. Y.	125,600	Red Star Bus Co., Springfield Ohio	360,000	Ike Warren, Holly, Mich.	137,000	Border Taxi Service, Nogais, Ariz.	225,000
Frank Reynolds, Lockport, N. Y.	115,000	Pendegroff Bus Line,		W. E. Nunnales, Tyler, Tex.	115,606	Van Motor Co., Kingston, N. Y.	190,000
Dan Wood, Clark, S. D.	150,000	Chapel Hill, N. C.	100,000	W. E. Nunnales, Tyler, Tex.	121,025	E. W. Barker, Norfolk, Va.	197,000
Kirchoff-Ruff Auto Co.,		Stuebenville-Caton Trans. Co.,		Nathan Feldman, Kingston, N. Y.	186,000	Service Taxi Co., Mt. Vernon, Ohio	350,000
Stuttgart, Ark.	125,268	Jefferson County, Steubenville, Ohio	108,000	Samuel Feldman, Kingston, N. Y.	175,500	Geo. W. Drupum, Albany, N. Y.	297,000
Dan Wood, Clark, S. D.	150,000	Cadiz Bus Line Co., Cadiz, Ohio	135,000	Chas. Van Etten, Fingert, N. Y.	109,000	John P. Currier, Fredericktown, Mo.	164,831
Fred Schlogel, Clark, S. D.	100,000	Bunker Hill Trans. Co.,		E. Liverpool, Ohio	142,000	Mr. J. B. Paradis, Tataville, Conn.	106,500
Hans Thude, Mesa, Ariz.	131,000	Waterbury Conn.	246,000	Canton-E. Liverpool Bus Co.,		B. H. Chafin, Midland, Pa.	112,400
Otto Neuman, Baltimore, Md.	144,000	M. Hengevelt, Miami, Fla.	250,000	E. Liverpool, Ohio	128,000	E. H. Brooks, E. Liverpool,	
Jack Brady, Baltimore, Md.	132,000	E. G. Palmatier, Miami, Fla.	100,000	Tim Bishop, Lincoln, N. H.	105,000	Ohio (Taxi)	108,300
Fred H. Carlson, Creighton, Neb.	135,892					B. O. Propts, Chester, W. Va. (Taxi)	147,000
Harry Decker, Huns Lake, N. Y.	135,800					U. V. Price, E. Liverpool, Ohio	157,000
Harry Smedley, New Haven, Conn.	100,000					(Taxi)	
R. E. Gordon, Indianapolis, Ind.	130,000						

THE foregoing shows a partial list of owners of Studebaker cars which have been driven over 100,000 miles, as reported to the factory. Note that several have even exceeded 300,000 miles. And they are all still in active service, giving dependable economical transportation to their owners.

Business concerns who operate fleets of cars should consider what this means in terms of money that can be saved. For depreciation is the heaviest cost item in maintaining automobile equipment.

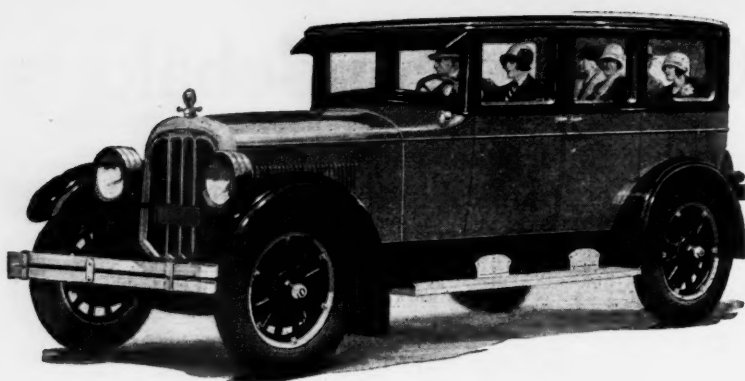
Because Studebaker cars give scores of thousands of miles of dependable, low-cost transportation, they reduce depreciation to a minimum and are therefore more economical for fleet-operation. Thus, as many firms

have proved, it is not necessary to trade in Studebakers each year or every other year.

Studebaker cars are more dependable and give years longer service because they are Unit-Built under Studebaker's One-Profit plan of manufacture — whereby all engines, bodies, gear sets, differentials, springs, brakes, steering gears, axles, gray-iron castings and drop forgings are made in Studebaker plants. Because all parts are designed and built into one harmonious unit, the Studebaker functions as a unit, yielding greater riding comfort and longer life with minimum repair cost and higher resale value.

Particulars of Studebaker cars in fleet-service will gladly be sent to interested parties.—The Studebaker Corporation of America, South Bend, Indiana.

Studebaker offers three 6-cylinder chassis; 20 body types, ranging from \$1125 to \$2225 in price



Room for a Crowd without crowding

The big demand for Chandler's new Seven-Passenger Sedan is out of all keeping with the usual demand for cars of seven-passenger capacity. But the car itself can explain that.

Chandler has done the unusual. Instead of a car that merely "seats" seven passengers, this great family car provides real *armchair comfort* for seven people—and by that we mean seven people of adult years, weight and girth!

The price is as unusual as the car. At \$1995 this luxurious model represents a price reduction of \$300. The present price figures at about \$285 per passenger. Most other cars of anywhere near this car's quality range all the way from \$350 to over \$400 per passenger.

In performance ability, the Chandler Seven-Passenger Sedan is *decidedly unusual*. It has Chandler's great record-winning Pikes Peak Motor—which means, of course, a wealth of power to match the quality and richness of the car.

The very chassis is unusual. It is perfected in strength and balance—and in addition to all other advantages, it has the famous "One Shot" Lubrication System. You simply press your heel on a plunger and "On-Shot" instantly lubricates every bearing and bushing in the entire chassis!

For big and lasting value—for sheer joy in performance—for real seven-passenger comfort—*this is the car for your money!*

Twentieth Century Four-Door Sedan, \$1590; New Metropolitan Sedan De Luxe, \$1895; New Seven-Passenger Sedan, \$1995; New Brougham, \$1695. Prices f. o. b. Cleveland

THE CHANDLER MOTOR CAR COMPANY CLEVELAND
Export Department, 1819 Broadway, New York City

CHANDLER

**Stocks
Cotton**

**Coffee
Sugar**

Oil

**Bonds
Grain**

Fortnightly Comment Sent on Request

PRIVATE WIRES—NEW YORK, NEW ORLEANS, CHICAGO AND
THROUGHOUT THE SOUTH

FENNER & BEANE

Members of

New York Stock Exchange
New York Cotton Exchange
New Orleans Cotton Exchange
Chicago Board of Trade
New York Produce Exchange

New York Coffee & Sugar Exchange
Louisiana Sugar & Rice Exchange

Associate Members of
Liverpool Cotton Exchange

NEW YORK: Second Floor, Cotton Exchange Bldg.
NEW ORLEANS: Fenner & Beane Building

SINCLAIR CONSOLIDATED OIL CORPORATION

(Continued from page 924)

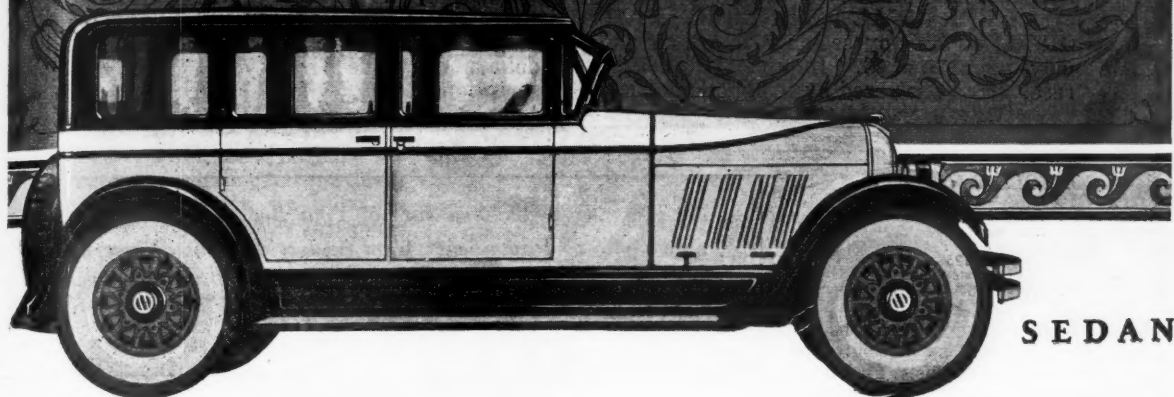
distributing facilities. It is impossible to calculate with precision what the potential profits of the company amount to on storage oils as a result of the price advances since this oil was acquired or run into storage from the company's own producing properties. From 1922 to December 31, 1924, the Sinclair Crude Oil Purchasing Company, in which the company owns a half interest, accumulated 42 million barrels of crude oil in storage. At the latter date, Sinclair had over three million barrels stored in its own facilities. Assuming that the general price level today is only fifty cents a barrel over the average price at which this oil was acquired (there is no way to ascertain the exact cost), a paper profit of close to 25 million dollars is indicated on Sinclair's interest in these two items alone.

The production policy of the company during the past few years has been formulated with long range profits in view. At times, when crude petroleum prices were at or below the cost of producing oil, Sinclair purchased from other producers to keep its refineries supplied. Drilling activities during these times were confined almost entirely to protective drilling, namely, drilling only when the underground reserves were threatened by the offset wells of neighboring producers. In addition to the storage above ground, Sinclair has a tremendous supply of oil in proven sands that have so far been touched only by test wells. In Mexico, South America and Portuguese West Africa, a still larger supply is controlled by the company, most of which has, as yet, not been blocked out by thorough test drilling. The African territory controlled covers approximately the same acreage as the State of Oklahoma and, in spite of the natural obstacles to production, promises to ultimately yield a tremendous supply of crude oil for the European market where Sinclair is already well entrenched as a refiner and distributor of petroleum products.

Now that Sinclair's government contracts are being scrutinized in the cold light of judicial review, it appears less likely that the company will lose much on its investment in this direction than at the time when the Teapot Dome scandal was a favorite political football. The only lease that seems open to cancellations is the drilling contract on Naval Reserve No. 3 (popularly known as Teapot Dome) which is held by the Mammoth Oil Company. Other contracts with the government by the pipe line subsidiary and Sinclair Refining Company have no connection with the Naval Reserve drilling contract and will probably pay out as investments. It is more than likely that even though

(Please turn to page 955)

AUBURN 8 EIGHTY EIGHT



SEDAN

Also, America's Finest Upholstered Car

Not only does Auburn give larger motors, heavier frames, long wheelbase, greater power, easier steering and finer finish, but also more expensive bodies of most attractive and enduring two-tone colors.

The quality and tone harmony of the mohair interiors of the new Auburn Sedans are unsurpassed in refinement and beauty.

Luxury heretofore unknown is now available in these roomy cars. With new type Davenport cushions, wide, deep and soft, you enjoy the relaxation and comfort of an overstuffed chair.

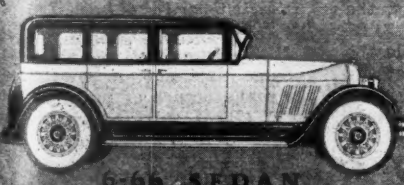
High-priced Marshall Springs throughout, with double deck on both cushions guarantee permanency of shape, resiliency and quietness of the upholstery.

No car runs sweeter, none better, none holds the road easier, none requires less driver-effort and none stands up under the hardest usage longer, than does the new Auburn.

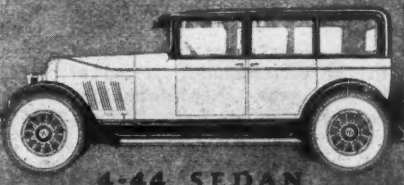
It is the greatest value on the market today for the least commensurate cost. Drive it and compare it and if it does not sell itself you will not be asked to buy.

8-88 Sedan	8-88 Brougham	8-88 Roadster	8-88 Coupe
6-66 Sedan	6-66 Brougham	6-66 Roadster	6-66 Coupe
4-44 Sedan	4-44 Roadster	4-44 Coupe	

AUBURN AUTOMOBILE COMPANY, *Auburn, Indiana*



E. L. CORD SAYS:
The automobile business is still "young." Opportunities for success are greater today than ever for dealers who handle cars that stay young—that win and hold owner goodwill through sheer quality—that are built to endure and withstand owner usage with a minimum of petty annoyances—and protect the owner's investment by an exceptionally high resale value.



6-66 SEDAN

4-44 SEDAN

ANSWERS TO INQUIRIES

SUBSCRIBERS—ATTENTION

The Inquiry Department enables you to adapt **THE MAGAZINE OF WALL STREET** to your personal problems. As a yearly subscriber, you are entitled to receive **FREE OF CHARGE** a reasonable number of **PERSONAL REPLIES BY MAIL OR WIRE** on any security in which you may be interested. Inquiries cannot be received or answered by telephone nor can

personal interviews be granted by this department. The inquiries presented in each issue are only a few of the thousands received—103,292 were replied to in 1925. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your \$7.50 subscription.

CONSOLIDATED GAS

What is the cause of the weakness in Consolidated Gas? Is it merely in sympathy with the general market weakness? I have felt that the stock is worth at least 125 a share and have been holding with the intention of not selling out below that figure.—G. V. K., Washington, D. C.

The recent weakness in Consolidated Gas might well be attributed to general market conditions. The stock is intrinsically sound. Consolidated Gas operates with a minimum of competition in one of the most populous sections of the country. Furthermore, the outlying districts served and particularly those in Queens and Westchester County are fast growing and rich in potentialities. The company's finances are excellent. It is well supplied with working capital, and bank loans have been funded through the sale of debentures. Earnings are running at a satisfactory rate. Even on the \$1 per thousand cubic feet basis the company was able to earn \$7.48 on the common in 1924, and probably bettered that showing in the year just completed. In view of the fact that a higher rate is generally looked for early in 1926, it will readily be seen that it stands to enjoy a prosperous year. On the basis of the company's showing to date and its visible prospects for the future, we would say that the stock is well worth retaining.

FISHER BODY

Several years ago on your recommendation I bought Fisher Body at 72. With the automobile stocks apparently around the ceiling I have considered disposing of my shares. Would you do this?—E. A. B., St. Louis, Mo.

For the quarter ended January 31, 1926, Fisher Body and subsidiaries showed net earnings equivalent to \$3.53 a share on the parent company's common stock. This compares with \$3.36 in the preceding quarter, and 89 cents in the corresponding period of the preceding year. Net income for nine months was equal to \$9.05 a

share, against \$2.79 in 1924. The finances of the company are sound, the last balance sheet showing working capital in excess of 33 millions. There are no bank loans outstanding and cash and government securities total about 8 millions. Although a period of keener competition appears to lie ahead in the automotive and allied industries, Fisher, by virtue of its strong trade and cash position, might be depended upon to hold its own. The stock has recently declined in sympathy with the general market but we feel it can be retained, temporarily at least, with a view to developments.

RADIO CORPORATION

About a year ago I bought 25 shares of Radio Corporation of America Common at 60 and bought 25 shares additional at 48 to average down. The idea was my own and I realize I should not have acted without your advice. What will I do now?—G. A. C., New York.

One of the outstanding surprises of the 1925 season was the very poor showing of Radio Corporation of America. The company did very well in 1924, earning \$2.90 a share on the common. On the basis of this showing, and with due allowance made for natural expansion, it was confidently expected that Radio would show record earnings in 1925. It can hardly be said that the sanguine hopes of well-wishers were gratified. Actually, the company was able to report but \$1.27 earned per common share. While the present unsatisfactory state of affairs is believed to be but temporary, and in the course of time Radio might be

Are You Sure of Your Broker?

We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers deal through reliable firms.

expected to give a better account of itself, indications do not point to a material improvement in the reasonably near future. We would suggest a switch from this stock to Armour & Company of Illinois, Class A, which is treated elsewhere in these columns.

MACK TRUCK

Your advice on Mack Trucks has been so excellent over the past two years that I have a very handsome paper profit in spite of the big drop which has taken place in the last several weeks. Do you still advise me to hold my stock?—D. A. T., Newark, N. J.

Gross sales of 67 millions for Mack Truck in 1925, a gain of 43.7 per cent over that of the preceding year, testifies to the prosperity enjoyed by this company, and its strong position in the trade. Naturally, this expansion in volume of business has borne due reflection in income account, earnings showing an increase of 52.7 per cent over those of 1924. The company occupies a very important position in the field of truck manufacturing. The shares are volatile speculative favorites, and are quite likely to move over a wide area, but we believe sufficient promise has been shown to warrant retaining, especially after their drastic decline.

UNION BAG AND PAPER

I bought Union Bag & Paper at 65 and should have taken a profit while I had it. Now I have a bad loss. What is the matter with this stock?—C. M. E., Boston, Mass.

Some time ago, a new process for the manufacture of pulp developed by (Please turn to page 943)

When Quick Service Is Required, Send Us a Prepaid Telegram and Instruct Us to Reply Collect

for Economical Transportation

CHEVROLET

"—fifty per cent more deliveries!"

Springfield, Ohio, Jan. 24
"We have found the Improved Chevrolet to be a wonderful stimulant to our business. Our deliveries this month will undoubtedly be fifty per cent greater than any January we have ever had. At our local show this week we have received twice as many prospects as we have ever received at any show."

SHAWNEE MOTOR CO.

"—strongest demand in our history!"

Norfolk, Nebr., Jan. 23
"Our enthusiasm prompts us to make the statement that the showing of the Improved Chevrolet V series is attracting much interest. Public cannot comprehend how it is possible to build such a quality car at so low a cost. Performance remarkable. Strongest demand this season of year in history of our business."

RYAL MILLER CHEVROLET CO.

"—talk of the town; show room crowded!"

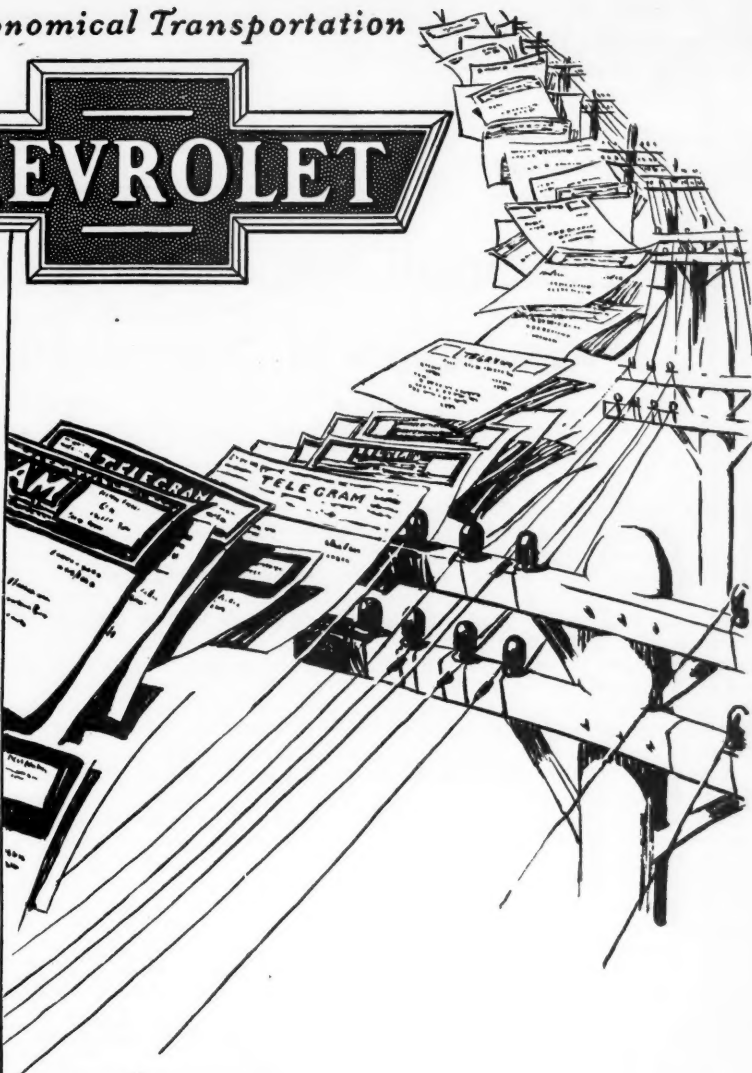
Richmond, Va., Jan. 23
"Improved Chevrolet talk of the town. Our show room crowded since cars on display. Landau a real sensation."

MARTIN CHEVROLET SALES CORP.

"—look for an unprecedented year in Chevrolet sales!"

Indianapolis, Ind., Jan. 22
"For brilliant performance, comfort, dependability and style the new Improved Chevrolet is the quintessence of quality at low cost. Judging from our January record we look for an unprecedented year in Chevrolet Sales."

MARION CHEVROLET CO.



Sending Sales to New High Marks

At the left are shown four of the hundreds of telegrams sent to Detroit by Chevrolet dealers since the Improved Chevrolet was announced. The finest Chevrolet in Chevrolet history, at new low prices, is scoring all over the nation a success that is sending Chevrolet sales to new high points week after week.

CHEVROLET MOTOR COMPANY, DETROIT, MICH.
Division of General Motors Corporation

QUALITY AT LOW COST



Seventy-Third Lesson

How the Small Investor May Secure Most of the Advantages of Speculation and Avoid Most of the Risks

IN previous discussions of some of the important principles of speculation, we have called attention to the advantages of the distribution of risk. This principle is well established. Most traders agree that it is safer to distribute speculative capital over five or ten different issues, each one of which is believed to be in favorable technical position, than to venture the entire capital on the fortunes of a single stock.

If each one of ten different issues has been carefully selected from the standpoint of fundamental quality as well as for its favorable market position, the probability of success has been increased. Although one, or two, or three of the stocks selected may prove disappointing on account of some accidental unfavorable development, it is unlikely, if ordinary judgment is shown, that the whole list will go wrong. It is probable that the profits on the successful trades will more than cover the limited losses on those that develop an adverse trend.

We refer to limited losses, because it is probable that most traders operate on margin, and we assume that all experienced operators on margin will place stop orders at technical danger points to protect their trades. The smaller the margin, the more important it is to limit the loss. If a speculator on the long side of the market does not trade on margin, but pays for his stocks outright, then the stop-loss order loses some of its importance, especially when careful consideration has been given to fundamental quality of the issues involved. If the long swing trader is sure of the quality of his stocks, he has only to wait patiently for the inevitable advance, and he may ignore intermediate reactions, no matter how severe they may be, for he knows that temporary weakness in his stocks is due to the operations of professional traders, or the psychological effect of these operations on the speculating public, and bears no relationship whatever to intrinsic values.

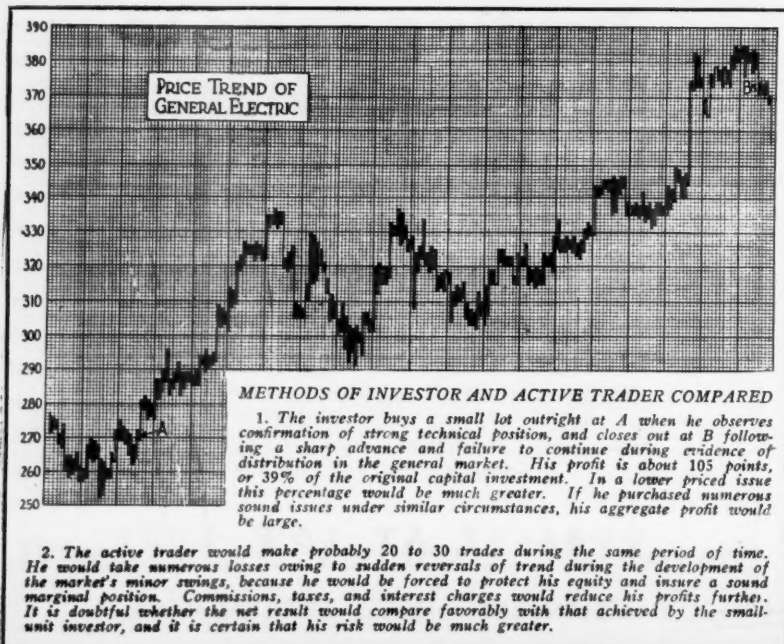
So far as the margin trader is con-

cerned, the principle of the distribution of risk may be carried too far, whereupon a new element of danger is introduced. In a previous discussion we have called attention to the dangers of trying to spread all over the board. If the trader becomes involved in too many issues at the same time, his judgment is not likely to be so clear in an emergency, and a sudden unfavorable reversal of trend may increase his losses so rapidly, or catch so many stop orders, as to completely nullify the ordinary advantages of risk distribution.

It is interesting to observe that this disadvantage of too wide a distribution over many issues applies to the margin trader, but does not apply to the small investor who buys his stocks outright and has no fear of temporary unfavorable technical developments. If the small investor buys odd lots of sound, dividend-paying rails, public utilities or industrials, and makes his individual purchases during periods of weakness, it makes no difference how many different stocks he buys, so long as he is sure of their quality. If he buys in lots as small as one or two shares, his distribution may become very wide. His profit on a single lot may not seem large, measured in dollars, but the percentage of profit may be great, despite the initial disadvantages of the broker's commission on such a transaction. His aggregate profit on numerous small lots, held patiently for the advance to which the issue may be entitled, is likely to be much larger than the aggregate profits secured by the margin trader in the same period of time, on the same stocks, and on the same amount of capital.

Both the technique and the psychology of the two positions are different. The small investor buys with the intention of holding for the rise which he believes his stock will have, owing to its fundamental quality and the outlook for favorable earnings during the ensuing business cycle. He does not bother about intermediate reactions, he pays no interest, and he never worries about his marginal position. He may carry his stock, yielding anywhere from 5% to 8% on the investment, until it

(Please turn to page 934)



FISK

BALLOON CORD
TIRES

INTEGRITY

Every Fisk Tire sold represents the integrity of a Company with twenty-seven years of tire building experience. It is your assurance that you are receiving full value on your investment.

Because of this reputation Fisk Balloon Cord Tires have become the accepted tires of those who demand the utmost in motoring comfort. Fisk Balloons are noted for their high mileage and security under difficult road conditions.



Time to Re-tire
Get a FISK

TRADE MARK REG. U. S. PAT. OFF



Slackening Process More Visible in Business

Prices React as Demand Falls Off

STEEL

Production Exceeds New Business

STEEL mills continue to show almost as much activity as at any time during the past half year in spite of the fact that new business has fallen off. Shipments at the present time are running about 10% ahead of bookings of new tonnage. The showing of prosperity on the surface is not entirely real, however, as it is supported by the demand that existed for steel last year and not by current consumption. Unless new business picks up more rapidly than is expected throughout the trade, some slowing down in production must take place. Unfilled orders are still high, but, if the present trade tendencies continue, they will be reduced to a point where the present activity at the mills will not be warranted.

Prices have settled somewhat under the level that prevailed at the end of the past year. The margin of profit in finished steel shapes is too small to permit of still further readjustments unless iron can be obtained at a better figure than at present. It is possible, however, that with lower coke prices,

(Please turn to page 963)

COMMODITIES*

(See Footnote for Grades and Unit of Measure)

	—1926—		
	High	Low	*Last
Steel (1)	\$35.00	\$35.00	\$35.00
Pig Iron (2)	18.00	18.00	18.00
Copper (3)	0.14%	0.13%	0.14%
Petroleum (4) ..	3.65	3.65	3.65
Coal (5)	2.17	2.17	2.02
Cotton (6)	0.21	0.19%	0.19%
Wheat (7)	2.10	1.96	1.96
Corn (8)	0.81%	0.74	0.74
Hogs (9)	0.12%	0.11%	0.12%
Steers (10)	0.11	0.10%	0.10%
Coffee (11)	0.19%	0.17%	0.19%
Rubber (12)	0.98	0.53	0.53
Wool (13)	0.54	0.52	0.53
Tobacco (14) ..	70.19	70.19	70.19
Sugar (15)	0.04%	0.04%	0.04%
Sugar (16)	0.05%	0.05%	0.05%
Paper (17)	0.03%	0.03%	0.03%

*Jan. 30.

(1) Open hearth billets, \$ per ton; (2) Basic Valley, \$ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, \$ per barrel; (5) Pittsburgh, mine run, \$ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, \$ per bushel; (8) No. 3 yellow, Chicago, \$ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb. *Change from 1924 to 1925 crop.

THE TREND IN MAJOR INDUSTRIES.

STEEL—Shipments are running ahead of new business and decreasing the volume of unfilled orders standing on the books of the leading companies. The present rate of activity may be reduced in the near future.

METALS—The markets are dull but with many evidences of underlying strength. Copper producers may take steps to market their output co-operatively, to obtain a higher price. Foreign business is still quiet.

PETROLEUM—Refiners are loath to sell gasoline under contracts that run more than a month ahead, expecting higher prices when the spring demand materializes. Renewed activity at the oil fields appears to have checked production declines.

RUBBER—Crude rubber has been very active and somewhat higher in price, as the large users are starting to replenish their declining inventories. The commodity is by no means in a weak position in spite of recent attacks on British growers.

SUGAR—Sugar is a little unsettled as the gathering of the Cuban crop progresses and foreign demand falls off momentarily. Some revision of earlier estimates on the new crop indicates that the commodity still commands a strong position.

AUTOMOBILES—With a few exceptions, the largest motor car factories are running at a high rate of activity. Dealers stocks of unsold cars are growing about 20 per cent a month and unusual demand in spring appears necessary to maintain present output.

RAILROADS—The movement of freight is heavier than in past few weeks due principally to hard coal movements; many cars are tied up by unsold coal substitutes on sidings and terminals and anthracite output is not moving freely.

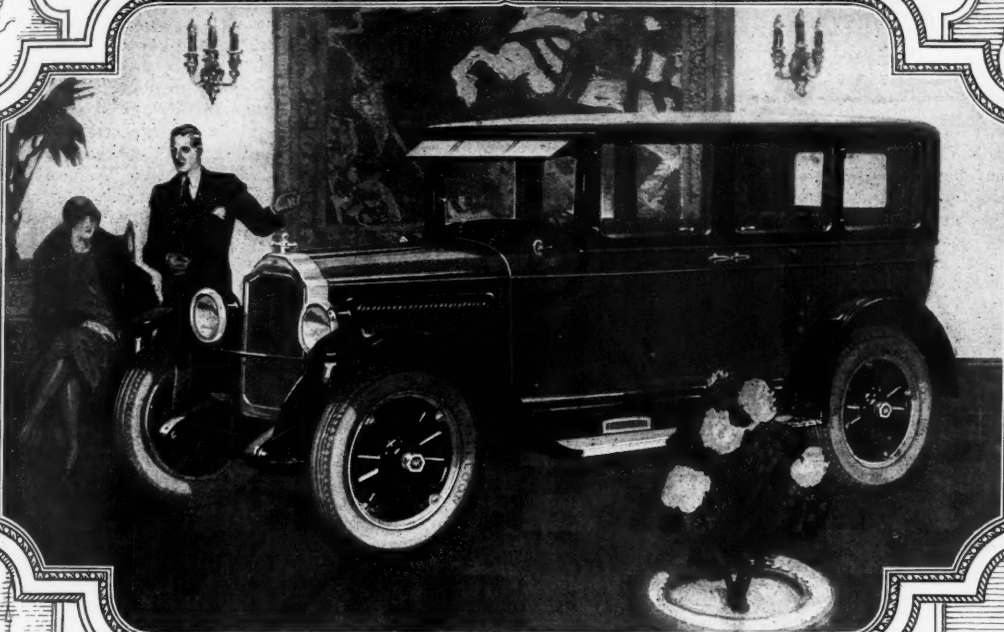
COAL—Although eastern consumers have learned to use hard coal substitutes, the newly mined anthracite is preferred even at an abnormal price differential. Some dealers have lost heavily through surplus stocks of soft coal.

SHIPPING—Department of Commerce reports show some slight improvement in shipping in the latter months of the past year; tonnage movement is increasing and charter rates have been very moderately advanced.

RETAIL TRADE—Chain store sales are somewhat better than department store sales, an increase over last year, however, being shown even in the latter business. The middle west and south are enjoying the best trade.

LEATHER—The leather trade is showing some improvement but operations are generally planned along conservative lines; the shoe business is encouraging especially in novelty lines and further improvement of a seasonal nature is close at hand.

SUMMARY—Trade conditions are somewhat irregular; retailing is showing some tendency to catch up with production and the wholesale trade, both of which have gone ahead of actual consumption of goods during the past two months.



Climaxing 18 years of fine motor-car building
 John N. Willys
presents the **New 70**
WILLYS-KNIGHT

—a car of unparalleled efficiency, powered with the internationally-endorsed Knight Sleeve-Valve engine, out-performing anything that ever was built of its size, or type, or class!

This New "70" Six applies the principles of high-speed engine construction to the Knight Sleeve-Valve motor with startling results. With a 2 15/16-inch bore and 4 3/8-inch stroke this new Sleeve-Valve Six engine delivers greater power per cubic inch of piston displacement, throughout its complete range, than any stock American motor-car engine built today The new Willys Finance Plan offers easy time-payment terms at the lowest credit cost in the industry.

Sedan \$1495; Touring \$1295; f. o. b. factory. We reserve the right to change prices and specifications without notice

Willys-Overland, Inc., Toledo, Ohio
 Willys-Overland Sales Co. Ltd., Toronto, Canada



SCHOOL FOR TRADERS AND INVESTORS

(Continued from page 930)

has advanced 50 or 100 points. On the other hand, the margin trader may be in and out of the same stock more than twenty times during the same period, owing to the fact that he has been influenced by periods of temporary distribution and re-absorption, weakness and strength in the general market, his general market position, or questions of temporary expediency. It is probable that his total net profits on the same stock, after deducting losses, commissions and interest, will not amount

to more than a small fraction of the profit made by our small investor, dollar for dollar actually involved in the issue.

An important consideration in this comparison of the position of the active trader with that of the small investor, is the difference in the initial risk in each case, together with its psychological aspects. The active trader runs the risk of an early adverse trend which may influence him to retire at a small loss to await a better opportunity, or may catch his stop loss order. Therefore, he is not likely to have the courage to buy in a severe technical reaction until he has observed confirmation of renewed strength and evidence of re-absorption of his favorite issues.

On the other hand, the small investor, having made his decision with regard

to the quality of the stocks he is willing to buy in a break, can make his outright purchases without fear of further reactions, because he is sure he is accumulating bargains.

If the probable advantage lies with the small purchaser, as compared to the large and active trader, so far as a single issue is concerned; and if the small buyer's advantages multiply as the distribution increases, while the same procedure involves increasing risk for the active trader, it appears that a deliberate plan to buy small lots of sound dividend-paying stocks during periods of weakness is worthy of careful study on the part of every small investor.

We will welcome our readers' views on this subject, as a basis of further discussion.

Important Changes in Capitalization of Leading Companies

Actual Changes Reviewed Since Our Last Issue

AMERICAN BROWN BOVERI ELECTRIC CORP.

Acquired (Jan. 27), the RAILWAY & INDUSTRIAL ENGINEERING CO., of Greensburg, Pa., and the ELECTRIC DEVELOPMENT & MACHINE CO., of Holmesburg, Pa., mfrs. of high tension switching and protective equipment.

AMERICAN WATER WORKS & ELECTRIC CO., INC.

Consolidation of Electric Subs. into the WEST PENN ELECTRIC CO., under plan outlined in our Issue of Nov. 7, 1925, was completed Feb. 1.

ASSOCIATED OIL CO.

Control acquired (Feb. 7), by BLAIR & CO. and the CHASE SECURITIES CORP., at \$89 per share. Minority interests were offered same price. Transaction included the 280,000 shs. to be received by STANDARD OIL CO. OF CALIFORNIA as Stk. Div. on its holdings of PACIFIC OIL CO. Stk.

ATLANTA, BIRMINGHAM & ATLANTIC RY. CO.

Receiver announced (Feb. 24) an agreement with the ATLANTIC COAST LINE R. R. CO. to take over the property, issuing new 5% guaranteed Pfd. Stk. up to 80% of the face value of all Out. 1st 6s and income 5s; but nothing for the Com. Stk. As ATLANTIC COAST LINE controls the 5,003 miles of LOUISVILLE & NASHVILLE R. R., through 51% Stk. ownership, addition of the A. B. & A's. 640 miles would place the COAST LINE in charge of 13,548 miles of railroad—a system only 37 miles less than the new Rock Island-Frisco system, the largest in the world.

OHANDLER-CLEVELAND MOTORS CORP.

New Com. & Preference Stk. listed on N. Y. S. E. Feb. 11. (See our Issue of Feb. 27.)

CHICAGO, ROCK ISLAND & PACIFIC RY. CO.

Announced (Feb. 15), that a profit of \$2,467,000 was realized through sale of its holdings of ST. LOUIS SOUTHWESTERN Stk. to the KANSAS CITY SOUTHERN. (See our Issue of Nov. 21, 1925.)

CHILDS CO.

Paid, to Com. Holders of record Feb. 26, a Div. of 1% in Com. Stk. shs. 3,341

COMMERCIAL INVESTMENT TRUST CORP.

Sold privately, within the past few months. Add. Com. Stk. shs. 10,000

CONTINENTAL CAN CO.

Increased (Feb. 23) Auth. Com. Stk. from 500,000 shs. to 750,000 shs.

CUSHMAN'S SONS, INC.

Leased 22 new stores, between Dec. 3, 1925 and Jan. 8, 1926.

DELAWARE & HUDSON CO. (THE)

Sold (Feb. 19), at 92, Add. 1st and rfd. mtg. 4s, '43.....\$2,196,000

GENERAL GAS & ELECTRIC CORP.

Acquired (Jan. 27), the ORTANNA ELECTRIC LIGHT & POWER CO., of Adams County, Pa.

GENERAL MOTORS CORP.

Sold (Feb. 17), 5% Ser. g. Notes, '27-'36, of its wholly owned Subs., GENERAL MOTORS ACCEPTANCE CORP.....\$50,000,000 (Proceeds for working capital and to fund part of floating debt.)

GOODYEAR TIRE & RUBBER CO.

Closed doors (Feb. 16) of its recently acquired Subs. the ESSEX COTTON MILLS of Passaic, N. J.

ILLINOIS CENTRAL R. R. CO.

Sold (Mar. 1) rfd. gen. mtg. 5s, '59, Series "C," of its Subs., CENTRAL OF GEORGIA RY. CO. (To re-imburse treasury for improvements)\$3,600,000

INTER-CONTINENTAL RUBBER CO. (of N. J.)

Dissolved Jan. 30. Com. Holders received \$1.50 cash plus 1 sh. new INTER-CONTINENTAL RUBBER PRODUCTS CORP. (of Del.) Stk.

INTERNATIONAL BUSINESS MACHINES CORP.

Increased (Feb. 16) Auth. Cap. Stk. from 300,000 shs. to 750,000 shs. Paid, to Cap. Stockholders of record Feb. 16, a Div. of 200% in Cap. Stk. (Ex-Div. Mar. 1).....shs. 385,762

ISLAND CREEK COAL CO.

Sold (Feb. 17), the ISLAND CREEK R. R. (A 10-Mi. line at Logan, W. Va.) to the CHESAPEAKE & OHIO RY. CO., for.....\$1,500,000

KRESGE (S. S.) CO.

Opened 39 new stores, between Mar. 18, 1925 and Jan. 20, 1926 (Bringing total up to 304); and made plans to open 50 more during 1926. Exchanged (Jan. 28) 10 shs. new Com. Stk. (\$10-par) for each sh. old Com. (\$100-par).....\$38,776,360

LEE RUBBER & TIRE CO.

Proceeds of Add. Cap. Stk. offered Jan. 18 (See our Issue of Jan. 30) were used to reduce bank loans from \$2,000,000 to \$1,000,000.

LOUISIANA OIL REFINING CORP.

Sold (Feb. 23) Recently created 6½% Cum. Cv. Pfd. Stk....\$4,000,000 (Part of proceeds to redeem \$2,800,000 6½% Ser. Deb. Bonds.)

MIDLAND STEEL PRODUCTS CO.

Redeemed (Feb. 15), at 107½, all 1st cv. 7s, '38.....\$2,500,000

NORTH AMERICAN CO.

Purchased (Jan. 20), the CLEVELAND, PAINESVILLE & EASTERN R. R. CO., including the electric light and power, but not the railroad. Properties of its Subs., the UNITED LIGHT & POWER CO. Purchased (Feb. 16) Com. Stk. control of the IRON MOUNTAIN LIGHT & POWER CO., of Iron Mountain, Mich.; and the NIAGARA LIGHT & POWER CO., of Niagara, Wis. These properties are valued at\$500,000

OTIS STEEL CO. (THE)

Sold (Feb. 18) 1st s. f. 6s, '41, Series "A".....\$12,000,000 (Proceeds for working capital, to pay off \$1,000,000 in bank loans, and to refund all Out. 1st 7½s and 8s, to the aggregate amount of\$8,750,000)

PACIFIC GAS & ELECTRIC CO.

Offered, to Com. Holders of record Feb. 23, right to subscribe, at \$100, to 1/10 sh. Add. Com. Stk. for each sh. held.....\$4,813,400

PACIFIC MILLS

Sold (Feb. 18) 5-year 5½% g. Notes, '31.....\$17,500,000 (Proceeds to reduce current loans to \$2,580,000.)

PEOPLES GAS LIGHT & COKE CO. of Chicago.

Increased (Feb. 23), Auth. Cap. Stk. from \$50,000,000 to \$60,000,000. (Part of new Stk. to acquire Chicago properties of the BY-PRODUCTS COKE CO.)

PHILADELPHIA RAPID TRANSIT CO.

Sold (Feb. 17) eq. tr. 5s, '27-'36, Series "J".....\$1,700,000

PITTSBURGH & WEST VIRGINIA RY. CO. (THE)

Sold (Feb. 19) eq. tr. 4½s, '27-'41, Series of 1926.....\$2,000,000

PRESSED STEEL CAR CO.

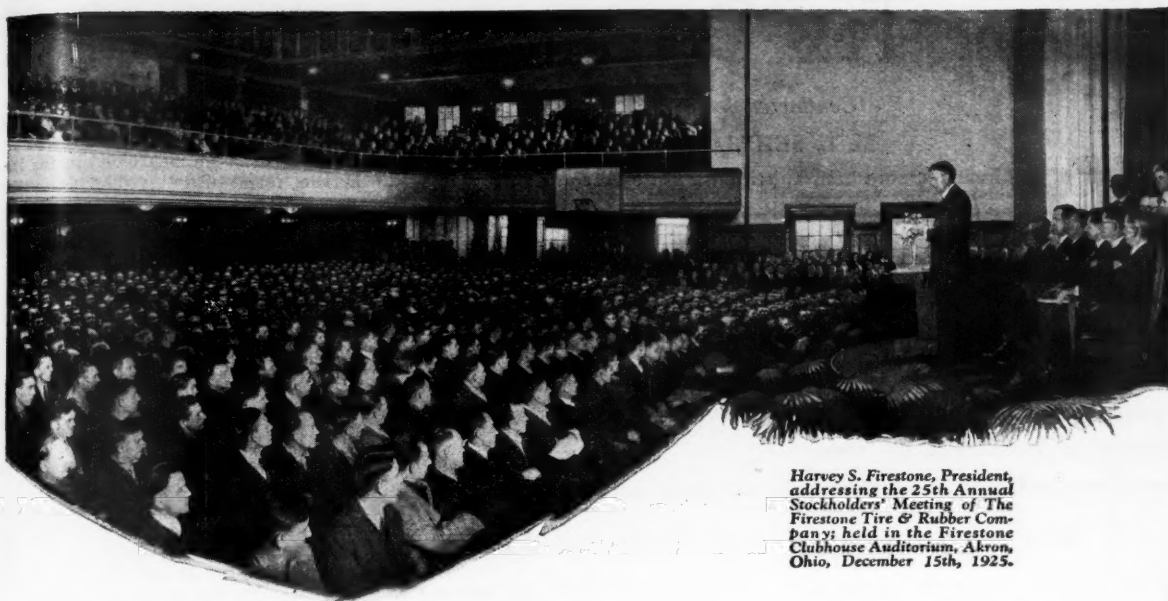
Created (Feb. 18) new issue of \$16,200,000 7% Cum. Pfd. Stk., convertible, sh. for sh., into Com. Stk. Made the ten-year cv. 5s convertible into 10 shs. Com. & 2 shs. new Pfd. for each \$1,000 Bond.

SEABOARD AIR LINE RY. CO.

Offered, to Com. and/or Pfd. Holders of record Feb. 24, right to subscribe, at \$25, to ¼ sh. Cap. Stk. of the INVESTMENT AND SECURITIES CO. OF FLORIDA, for each sh. held.....shs. 304,733 (The I. & S. Co. of Florida is a recently organized Subs. with Auth. no par Cap. Stk. of \$00,000 shs., that has acquired 86,000 acres of Florida land, at cost of \$7,500,000, incident to the construction of 637 miles of new railroad. 20,000 shs. will be offered to employees who have refrained from taking advantage of opportunities for individual investment while acquiring this land for the Railroad.)

U. S. CAST IRON PIPE & FOUNDRY CO.

Acquired (Jan. 21) the plants and equipment of the STANDARD CAST IRON PIPE & FOUNDRY CO.



Harvey S. Firestone, President, addressing the 25th Annual Stockholders' Meeting of The Firestone Tire & Rubber Company, held in the Firestone Clubhouse Auditorium, Akron, Ohio, December 15th, 1925.

One of the Reasons Why Firestone Tires are Better

HERE are the designers and builders of Firestone Tires, over 14,000 strong. Every one is a stockholder, sharing responsibility and rewards with the active head of the Company.

The annual Stockholders' meeting, shown above, is a tribute to the spirit behind Firestone's success. To these men and women the figures relating to sales and profits mean more than mere material gain. The tremendous increase in public demand

for Firestone products gives each one that satisfaction which is life's richest accomplishment—the knowledge of a job well done and the tangible demonstration of public appreciation.

There is intimate contact, a pulling together—that intangible something in the Firestone organization that makes for efficiency, economy and outstanding progress—and is one of the reasons why Firestone builds better tires.

MOST MILES PER DOLLAR



Firestone

AMERICANS SHOULD PRODUCE THEIR OWN RUBBER . . *Harvey S. Firestone*

Income Tax Department

Conducted by

M. L. SEIDMAN

of Seidman & Seidman, Certified Public Accountants

THIS is the last installment of the *Income Tax Department*, which has been running since last December. For the benefit of readers who are residents of New York State and who will pay income taxes to that state, we shall prepare a special review of the tax rates and other features to be published in our March 27 issue.

Rate and Exemption Changes in the New Law

CONGRESS has now passed the new tax bill. The new law will be made applicable to 1925 income tax returns. It is, therefore, important that taxpayers become acquainted with its provisions, and particularly the changes it will bring about over the old law.

The outstanding change is that in rates and exemptions. The normal tax rates are reduced from 2, 4, and 6% to 1½, 3 and 5%, respectively, so that under the new law the normal tax will be computed as follows: 1½% on the first \$4,000 of net income in excess of exemptions; 3% on the next \$4,000 of income; and 5% on the balance.

The surtax rates have been even more drastically cut. In the old law the rates range up to 40%. The maximum surtax rate in the new law is 20%.

Personal exemptions have been increased, a single person now being entitled to an exemption of \$1,500, and a married person \$3,500, as against \$1,000 and \$2,500 last year. The credit of \$400 for each dependent remains the same as before.

Furthermore, a change has been made with respect to the earned income allowance. While the 25% credit continues as previously, \$20,000 may be considered as earned income, whereas a maximum of \$10,000 could have been regarded as earned income in 1924 returns.

All these factors make for a substantial reduction in the income taxes that individuals will be called upon to pay for 1925 incomes, as compared to what they would have paid if a new law were not passed. The exact comparison between the new tax amounts and the old ones, and the percentage of reduction effected is shown in the tabulation appended. It will be noticed that the greatest rate of reduction is afforded to incomes from \$3,000 to \$20,000, and from \$100,000 and up. Incomes between \$20,000 and \$100,000 are not as favorably treated.

While the new law will be heralded as a great tax reducer, it is significant that the rate on corporations has been

increased from 12½% to 13½%. However, this increase is offset by the fact that the capital stock taxes have been repealed.

Although there are only two more weeks in which 1925 returns must be filed, the blanks to be used are not yet all available. As mentioned in the last article, form 1040 A, which is for incomes of less than \$5,000, has already been released. For incomes in excess of that amount, however, the forms are not yet fully available. A 1925 blank was released, but it was prepared under the old law. The government is now getting out a rider that will go with the old form, and that will provide for adjustments made necessary by the new law. Pending the distribution of these riders, it is most advisable that taxpayers compile their income and deduction figures and put them on the blanks now available. Then when the rider is distributed all that will remain to be done will be to place the amount of the net income on the rider and compute the tax at the new rates. That will expedite matters considerably, in making possible the filing of the completed return by March 15.

Table of Reductions Under the New Income Tax Law
(Computed on the basis of a married person with no dependents)

Income	1924 Tax	New Tax	Reduction	
			Amount	Per Cent
\$3,000	\$7.50	none	\$7.50	100
3,500	15.00	none	15.00	100
4,000	22.50	\$5.63	16.87	74.9
4,500	30.00	11.25	18.75	62.5
5,000	37.50	16.88	20.62	55.0
6,000	57.50	23.13	29.37	51.0
7,000	87.50	39.38	48.12	55.0
8,000	127.50	56.25	71.25	55.9
9,000	167.50	73.75	93.75	56.0
10,000	207.50	101.25	106.25	51.2
11,000	267.50	131.25	136.25	50.9
12,000	337.50	168.75	168.75	50.0
13,000	407.50	213.75	193.75	47.5
14,000	477.50	258.75	218.75	45.8
15,000	557.50	311.25	246.25	44.2
16,000	637.50	363.75	273.75	42.9
18,000	817.50	483.75	333.75	40.8
20,000	1,017.50	618.75	398.75	39.1
22,000	1,237.50	818.75	418.75	33.8
24,000	1,477.50	1,038.75	438.75	29.7
26,000	1,737.50	1,278.75	458.75	26.5
28,000	2,017.50	1,518.75	498.75	24.7
30,000	2,317.50	1,778.75	538.75	23.2
32,000	2,637.50	2,038.75	598.75	22.7
34,000	2,957.50	2,318.75	638.75	21.6
36,000	3,297.50	2,598.75	698.75	21.1
38,000	3,657.50	2,898.75	758.75	20.7
40,000	4,037.50	3,198.75	838.75	20.8
45,000	5,027.50	4,008.75	1,018.75	20.3
50,000	6,137.50	4,878.75	1,258.75	20.5
55,000	7,367.50	5,808.75	1,558.75	21.1
60,000	8,677.50	6,798.75	1,878.75	21.6
70,000	11,577.50	8,958.75	2,618.75	22.6
80,000	14,877.50	11,958.75	2,918.75	19.6
90,000	18,537.50	14,358.75	4,178.75	22.5
100,000	22,617.50	16,758.75	5,858.75	25.9
150,000	44,117.50	29,258.75	14,858.75	33.7
200,000	65,617.50	41,758.75	23,858.75	36.4
250,000	87,575.00	54,258.75	33,316.25	38.0
300,000	109,617.50	66,758.75	42,858.75	39.0
400,000	154,617.50	91,758.75	62,858.75	40.6
500,000	199,617.50	116,758.75	82,858.75	41.5
750,000	314,575.00	179,258.75	135,316.25	43.0
1,000,000	429,617.50	241,758.75	187,858.75	43.7



Where The Profits Are

¶ Time and again you read items like this about a certain stock:

"At today's meeting, directors placed the common on a dividend basis of \$5 per annum. Stockholders also got stock dividend extra of 2½%. This accounts for the great strength of the stock, which recently climbed 20 points. Chairman Blank says the company has all the business it can handle and looks for prosperous year."

¶ What profit can this make you? The stock is up 20 points. The good news is out. And pools, more likely than not, have been waiting for just such news, to sell. More than once items like this have caused you yourself to buy around the top.

¶ Time passes. Market conditions change. Then cases like this come up:

"The persistent liquidation in the stock, which carried it down from 85 to 40 in a few days, has been more or less a mystery. Today, however, it is reported on excellent authority that banks curtailed the credit of those operating in the stock at higher levels and only yesterday did new market interests make their influence felt in the stock." What good does this do you? The bad news is out. The stock is already down. Is NOW the time to sell it short?

¶ No, you cannot operate upon such items. To make profits, first find out where the profits are. Where are they?

¶ Send for "Making Profits in Securities," our booklet, free. As a discriminating Magazine of Wall Street reader, you will quickly appreciate its worth. Sound, shrewd, timely. It shows you clearly where the profits are.

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New York Stock Exchange

RAILS

	Pre-War Period		War Period		Post-War Period		1926		Last Sale	Div'd
	1909-1913		1914-1918		1919-1925		High	Low		
Atchafalaya	125%	90%	111%	70	140%	91%	139	122%	123	7
Do. Pfd.	106%	96	102%	75	98	72	96	94%	94%	4
Atlantic Coast Line	148%	102%	128	79%	268	77	262%	213	214	5
Baltimore & Ohio	122%	90%	96	88%	94%	27%	95%	83%	83%	4
Do. Pfd.	98	77%	80	48%	67%	38%	69%	67%	67%	4
B'klyn-Man. Transit	..	..	..	..	83%	3%	89%	55%	57	4
Do. Pfd.	..	..	..	..	83%	3%	86%	81	84	6
Canadian Pacific	283	165	220%	126	170%	101	168	146%	150	10
Chesapeake & Ohio	92	51%	71	35%	130%	46	128%	112	116%	4
Do. Pfd.	..	..	..	..	130	96	127	119	119%	6%
C. M. & St. Paul	165%	96%	107%	35	52%	3%	141%	103%	111%	..
Do. Pfd.	181	130%	143	62%	76	7	22%	16	16	..
Chi. & Northwestern	198%	123	136%	35	105	45%	81%	65%	65%	4
Chicago, R. I. & Pacific	..	..	45%	16	58%	19%	60%	40%	40%	..
Do. 7% Pfd.	..	..	94%	44	105	64	100	96%	96%	..
Do. 6% Pfd.	..	..	80	35%	93%	54	90	84	84	7
Delaware & Hudson	200	147%	159%	87	160%	83%	169%	153	153	9
Delaware, Lack. & W.	340	192%	242	160	260%	93	153%	135	136	26
Erie	61%	33%	59%	18%	39%	7	40	24%	24%	..
Do. 1st Pfd.	49%	26%	54%	15%	49%	11%	48%	36	36%	..
Do. 2nd Pfd.	89%	19%	45%	13%	46%	7%	43	35	35	..
Great Northern Pfd.	157%	115%	134%	79%	100%	50%	78%	69%	69%	..
Hudson & Manhattan	..	..	..	..	38%	20%	39%	35	35	2%
Illinois Central	162%	102%	115	85%	125%	80%	124	113%	114	7
Interboro Rap. Transit	..	..	..	..	39%	9%	39%	24%	24%	..
Kansas City Southern	50%	21%	35%	13%	51	13	49%	34%	34%	..
Do. Pfd.	75%	56	65%	40	63%	40	63%	61%	61%	..
Lehigh Valley	121%	62%	87%	50%	88%	39%	87	75%	75%	3%
Louisville & Nashville	170	121	141%	103	155	84%	143	120	120%	..
Mo., Kansas & Texas	*51%	*47%	*24	*3%	45%	*3%	47%	32	32%	..
Do. Pfd.	*78%	*46	*60	*6%	92%	*2	95	82	82%	..
Missouri Pacific	*77%	*21%	39%	19%	41%	2%	40%	27	27	..
Do. Pfd.	..	..	64%	37%	91%	8%	89%	71%	72%	..
N. Y. Central	147%	90%	114%	62%	137%	64%	135%	120%	121	7
N. Y., Chi. & St. Louis	109%	90	90%	55	183	23%	181%	130	130	6
N. Y., N. H. & Hartford	174%	65%	89	21%	47	9%	45%	33%	33%	..
N. Y., Ontario & W.	55%	25%	35	17	34%	14%	28%	21%	21%	1
Norfolk & Western	119%	84%	147%	92%	151%	84%	157%	140%	140%	7
Northern Pacific	159%	101%	118%	75	99%	47%	76%	68	68	..
Pennsylvania	75%	53	61%	40%	55%	32%	55%	50	50%	3
Pere Marquette	*36%	*15	38%	9%	85%	12%	86	67	70	4
Pittsburgh & W. Va.	..	..	40%	17%	123	21%	119%	97	99	..
Reading	89%	59	115%	60%	108	51%	90%	79%	80	4
Do. 1st Pfd.	46%	41%	46	34	61	32%	41%	40	40%	2
Do. 2nd Pfd.	58%	42	52	33%	63%	12%	41%	40%	40%	..
St. Louis-San Fran.	*74	*13	50%	21	102%	10%	101%	87%	87%	3
Do. Pfd.	40%	18%	32%	11	69%	10%	74	58	58%	..
Seaboard Air Line	27%	13%	22%	7	54%	2%	51	37%	37%	..
Do. Pfd.	56%	23%	55	15%	61%	3	48%	40	40	..
Southern Pacific	139%	83	110	75%	118%	67%	104%	97%	97%	6
Southern Railway	34	18	12%	12%	24%	24%	119%	109%	109%	7
Do. Pfd.	86%	43	85%	42	95%	42	92%	89%	89%	5
Texas & Pacific	40%	10%	29%	6%	70%	14	61%	43	43	..
Union Pacific	219	137%	164%	101%	154%	110	150	142%	142%	10
Do. Pfd.	118%	79%	86	69	80	61%	78%	74%	76	4
Wabash	17%	17%	7	47%	6	6	62	37	37%	..
Do. Pfd. A	*61%	*6%	60%	30%	73%	17	73%	68	68	..
Do. Pfd. B	..	..	32%	18	60%	12%	72	60	60	..
Western Maryland	*56	*40	33	9%	18%	8	16%	11	11%	..
Do. Pfd.	*58%	*53%	20	30%	11	24	18%	18%	18%	..
Western Pacific	..	..	25%	11	40	12	39%	35	35	..
Do. Pfd.	..	..	64	35	86%	51%	80%	77%	77%	..
Wheeling & Lake Erie	*12%	*2%	27%	8	32	6	33	18%	18%	..
Do. Pfd.	..	..	50%	16%	83%	9%	50%	37%	37%	..

INDUSTRIALS

Adams Express	270	90	154%	42	117%	22	109	100	100	6
Ajax Rubber	..	..	89%	45%	113	4%	16	9%	10%	..
Allied Chem. & Dye	..	..	..	..	116%	84	142	112	114%	4
Do. Pfd.	..	..	..	..	121%	83	121%	120	121	7
Allis-Chalmers Mfg.	10	7%	49%	6	97%	26%	94%	82%	83%	6
Do. Pfd.	43	40	92	32%	109	67%	110	106%	108%	..
Am. Agric. Chem.	*63%	92	106%	47%	113%	7%	94%	85%	85%	..
Do. Pfd.	105	90	103%	89%	103	18%	96%	75%	75%	..
Am. Beet Sugar	77	19%	108%	19	103%	24%	38%	31%	31%	4
Am. Bosch Magneto	..	..	..	..	143%	32%	34%	20	20	..
Am. Can.	47%	6%	68%	19%	*297%	*21%	344%	275%	291	5
Do. Pfd.	129%	98	114%	80	121%	72	125%	121	125	7
Am. Car & Foundry	76%	36%	98	40	*201	97%	114%	95%	97	6
Do. Pfd.	124%	107%	119%	100	128	105%	128	124	128	7
Am. Express	300	94%	140%	77%	175	76	140	120%	120%	6
Am. Hide & Leather	10	3	29%	2%	43%	5	17%	10%	10%	..
Do. Pfd.	51%	15%	94%	10	142%	29%	67%	53%	53%	..
Am. Ice	..	..	..	..	87%	37	135%	113%	113%	26
Am. International	..	..	62%	12	132%	17	46%	37%	37%	..
Am. Linseed Pfd.	47%	20	92	24	113	4%	87	78	78	7
Am. Locomotive	74%	19	98%	48%	144%	58	119%	101	103	8
Do. Pfd.	122	75	109	93	124	96%	120%	118%	119	7
Am. Metal	..	..	..	..	57%	38%	57%	49%	50	4
Am. Radiator	*500	*200	*445	*235	*345	64	120%	109	109%	4
Am. Safety Razor	..	..	..	..	76%	3%	63	50%	50%	3
Am. Ship & Commerce	..	..	..	..	47%	4%	8%	5%	7%	..
Am. Smelt. & Ref.	105%	56%	123%	80%	144%	29%	144%	120	121%	7
Do. Pfd.	116%	98%	118%	97	115%	63%	117%	113	113	7
Am. Steel Foundries	74%	24%	95	44	50	18	46%	40%	41%	7
Do. Pfd.	..	..	..	..	113%	78	118	113	113	7
Am. Sugar Refining	136%	99%	126%	89%	143%	36	128%	102	103	7
Do. Pfd.	133%	110	123%	106	119	67%	105	102	103	7
Am. Sumatra Tobacco	..	..	145%	15	120%	6	14%	10%	10%	..
Do. Pfd.	..	..	103	75	120%	22%	*189%	*189%	*189%	..
Am. Tel. & Tel.	153%	101	134%	90%	145	92%	150%	142%	143%	9

Price Range of Active Stocks

INDUSTRIALS—Continued

	Pre-War Period		War Period		Post-War Period		1926		Last Sale 3/3/26	Div'd \$ Per Share
	1909-1913		1914-1918		1919-1925					
	High	Low	High	Low	High	Low	High	Low		
Am. Tobacco	*530	*200	*256	*123	*314½	82½	121½	112½	112½	8
Do. Com. B.	..	..	..	..	*210	81½	120½	112½	113	8
Am. Water Wks. & Elec.	..	..	..	..	*144	4	74	48	48½	1.20
Am. Woolen	..	..	..	..	169½	34½	42½	29½	32½	..
Do. Pfd.	107½	74	102	72½	111½	69½	42½	29½	32½	7
Associated Copper	54½	27½	105½	24½	77½	28½	51	42	44	3
Associated Dry Goods	..	..	28	10	*140½	46½	54½	45½	45½	2½
Do. 1st Pfd.	..	..	75	50½	102	49½	102½	99½	109	6
Do. 2nd Pfd.	..	..	49½	35	108	38	108	107½	108	7
Associated Oil	..	..	*78½	*52½	*142	24½	59½	44½	58½	2
Atl. Gulf & W. Indies	13	5	147½	4½	192½	9½	68½	40	40	..
Do. Pfd.	32	10	74½	9½	76½	6½	56½	43	43	..
Atlantic Refining	..	..	..	..	*187½	78½	110	97	97	..
Austin Nichols	..	..	..	..	40½	8	28	20	20	..
Do. Pfd.	..	..	..	..	95	50½	93	88	88½	7
Baldwin Locomotive	..	..	114	26½	156½	62½	136½	103½	104	7
Do. Pfd.	107½	100½	114	90	118	92	114	106	106	7
Bethlehem Steel	*51½	*18½	155½	59½	112	37	50½	40½	40½	..
Do. 7½ Pfd.	80	47	188	68	108	87	105	100½	101½	7
Do. 3½ Pfd.	..	..	110½	92½	116½	90	120	115	116½	8
Brooklyn Edison Electric	134	123	131	87	156½	82	146½	133½	144½	8
Brooklyn Union Gas	164½	118	138½	78	*128	41	78½	68½	68½	14
Burns Brothers	45	41	161½	50	147	76	141½	129½	130	10
Do. B.	..	..	..	..	53	17	44	33	33	2
Butte & Superior	..	..	105½	12½	37½	6½	16½	12½	12½	2
California Packing	..	..	50	30	136½	48½	179½	128	128	26
California Petroleum	72½	16	42½	8	71½	15½	38½	30½	31½	2
Central Leather	51½	16½	123	25½	116½	9½	20½	15	15	..
Do. Pfd.	111	80	117½	94½	114	23½	68½	56½	56½	..
Cerro de Pasco Copper	..	..	55	25	67½	23	68½	57½	61½	4
Chile Copper	..	..	39½	11½	38½	7	36½	30	32½	..
China Copper	50½	6	74	31½	60½	14½	21½	16	16	..
Chrysler Corp.	..	..	..	..	*253	*108½	54½	39	39½	..
Do. Pfd.	..	..	..	..	111½	100½	108	103½	104½	8
Coca Cola	..	..	..	..	177½	18	161½	132½	136½	7
Colorado Fuel & Iron	53	22½	68½	20½	56	20	38½	27½	27½	..
Columbia Gas Elec.	..	..	54½	14½	*114½	30½	90	75½	76½	2.60
Congoleum-Nairn	..	..	..	..	*184½	15½	21½	16½	17	..
Consolidated Cigar	..	..	..	..	80	11½	68	55	56½	..
Consolidated Gas	*165½	*114½	*150½	*112½	*145½	56½	104½	90½	91½	5
Continental Can	..	..	..	..	*127	*37½	*131½	92½	76	25
Gen. Products Refining	26½	7½	40½	7	*160½	21½	43½	36½	37½	..
Do. Pfd.	98½	61	113½	58½	127	94	123½	122½	125	7
Crucible Steel	19½	6½	109½	12½	278½	48	81½	67	67½	5
Cuba Cane Sugar	..	..	76½	24½	59½	8½	11½	9½	9½	..
Do. Pfd.	..	..	100½	77½	87	13½	49½	42½	42½	..
Cuban-American Sugar	*58	33	*273	*38	*605	10½	30½	24½	25½	2
Cuyamel Fruit	..	..	..	..	74½	44	51	45½	46	4
Davison Chemical	..	..	..	..	81½	20½	46½	31½	31½	..
Dupont de Nemours	..	..	..	..	271½	105	238½	211	212½	110
Eastman Kodak	*No Sales	..	*605	*605	*690	70	112½	107½	107½	25
Electric Storage Battery	*64½	*42	*78	*42½	153	37	79½	71½	72½	5
Edison-Johnson	..	..	..	..	160	44	72½	66½	66½	5
Do. Pfd.	..	..	..	..	119	84	114	114	116	7
Famous Players-Lasky	..	..	..	..	123	40	122½	103½	114½	8
Do. Pfd.	..	..	..	..	120	68	123½	116½	119½	8
Fisher Body	..	..	43	25	*240	60½	105½	89½	89½	5
Fisk Rubber	..	..	..	..	55	5½	26½	14½	15½	..
Do. 1st Pfd.	..	..	..	..	116½	38½	84	82	82½	..
Fleischmann Co.	..	..	..	..	*171½	*75	56½	45	46	2
Foundation Co.	..	..	..	..	183½	58½	179½	105½	108	8
Freepont-Texas	..	..	70½	25½	64½	7½	28½	19½	19½	..
General Asphalt	42½	15½	39½	14½	160	23	73	60	50	..
General Cigar	..	..	..	..	115½	47	118½	105½	105½	8
General Electric	188½	129½	187½	118	337½	109½	386½	302	305	8
General Motors	*51½	*25	*850	*74½	149½	*8½	131½	118½	118½	7
Do. 7½ Pfd.	..	..	..	..	115	95½	115½	113½	114	7
General Petroleum	..	..	..	..	59½	38½	59½	49½	50½	3
Goodrich (B. F.) Co.	86½	15½	80½	19½	93½	17	70½	60½	61½	4
Do. Pfd.	109½	73½	109½	79½	109½	62½	100	96½	108½	7
Goodyear T. & R. Pfd.	..	..	..	..	114½	35	109½	101	101	7
Do. prior Pfd.	..	..	..	..	109	88	107½	105½	106	8
Granby Consolidated	78½	26	120	58	80	12	23½	18½	19	..
Great Northern Ore Cfs.	58½	25½	50½	22½	52½	24½	27½	24½	24½	1½
Gulf States Steel	..	..	137	58½	104½	25	93½	75	75	5
Hayes Wheel	..	..	..	..	52½	30	46	41½	41½	23
Houston Oil	25½	8½	86	10	116½	40½	72	59	59½	..
Hudson Motor Car	..	..	11½	2½	139½	19½	123½	103	107	3
Hupp Motor Car	..	..	..	..	31	4½	23½	17	22	1
Inland Steel	..	..	..	..	50	31½	43½	37½	37½	2½
Inspiration Copper	21½	13½	74½	14½	68½	22½	26½	23	23	2
Inter. Business Mach.	..	..	52½	24	176½	28½	47	42	42	3
Inter. Combustion Eng.	..	..	..	..	69½	19½	64½	40	40	2
Inter. Harvester	..	..	121	104	149½	66½	134½	120	120½	5
Inter. Merc't. Marine	9	2½	50½	..	67½	4½	12½	8½	8½	5
Do. Pfd.	27½	12½	125½	8	128½	18½	46½	32	33½	2
Inter. Nickel	*227½	*135	57½	24½	48½	24½	46½	35½	36	2
Inter. Paper	19½	6½	75½	9½	91½	27½	63½	48	49	..
Kelly-Springfield Tire	..	..	101	72	110	33	74½	65½	65½	..
Do. 3½ Pfd.	..	..	64½	25	59½	14½	58½	51½	52	4
Kennecott Copper	..	..	..	..	103	35½	82½	66	66	4
Kinney (G. R.) Co.	..	..	..	..	74½	52	69½	59	59½	4
Lima Locomotive	..	..	..	..	44½	10	40½	34½	35	2
Leav's, Inc.	..	..	..	..	28	5½	11½	7	7½	..
Leitch (P.) Co.	*215½	*150	*239½	*144½	*245	30½	49½	35½	37½	3
Mack Trucks	..	..	..	..	242	25½	159	117½	118	6
Magma Copper	..	..	..	..	46	26½	44½	38½	39½	3
Mallinson & Co.	45	8	28½	18½	18½	..
Marsac Oil Explor.	37½	16	28½	21	21	..
Marland Oil	60½	12½	50½	51½	53½	4

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New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS - Continued

	Pre-War Period		War Period		Post-War Period		1926		Last Sale	Div'd \$ Per Share
	1909-1913		1914-1918		1919-1925		High	Low		
May Department Stores	*88	*65	*97½	*35	*174½	*60	137½	117	117	5
Mexican Seaboard Oil					34½	5%	12½	6	7½	
Miami Copper	30½	12½	49½	16½	32½	8	13½	11	11	1
Montgomery Ward					82½	12	82	67	67	
National Biscuit	*161	*96½	*139	*79½	*270	35½	99½	74	78½	4
National Dairy Prod.					81½	30½	80	62½	63½	8
National Enam. & Stamp	30½	9	54½	9	89½	18½	40½	28½	28½	
National Lead	91	42½	74½	25	174½	63½	174½	153½	153½	8
N. Y. Air Brake	98	45	136	55½	*145½	28½	44½	36½	38	2
Do. Class A					57½	45½	60	55½	59	4
N. Y. Dock	40½	8	27	9½	70½	15½	45½	34	34½	
North American	*87½	*60	*81	*38½	*119½	17½	67	47	50½	\$10½
Do. Pfd.					50½	31½	50½	49	50½	3
Pacific Oil					78½	27½	83½	74½	78	3
Packard Motor Car					48½	9½	43½	33½	33½	2
Pan-Am. Pet. & Trans.			70½	35	140½	38½	76½	60½	62	6
Do. Class B					111½	34½	78½	62	62½	6
Philadelphia Co.	59½	37	48½	21½	68½	26½	70½	59½	59½	4
Phila. & Reading C. & I.					54½	34½	48½	37½	38½	
Phillips Petroleum					69½	16	49½	42½	42½	3
Pierce-Arrow					99	13½	43½	27	28	
Do. Pfd.			109	88	111	13½	108½	86½	87	
Pittsburgh Coal	*29½	*10	58½	37½	74½	37½	42½	37½	37½	
Postum Cereal					*134	*47	124½	85	86½	4.40
Pressed Steel Car	56	18½	88½	17½	113½	39	79½	56½	56½	
Do. Pfd.	112	88½	109½	69	106	67	95½	85	85	7
Pub. Serv. N. J.					87½	39	92½	72	77	5
Pullman Company	200	149	177	106½	173½	87½	174	148	150	8
Punta Alegre Sugar			51	29	120	24½	47	37	37	
Pure Oil			143½	31½	61½	16½	31	26½	26½	2
Railo Corp. of Am.	54½	22½	78½	19	77½	65½	46½	32½	33½	
Railway Steel Spring	113½	90½	105½	75	122	92½	123	119½	119	7
Do. Pfd.	27½	7½	87	15	27½	9½	12½	10½	10½	
Ray Consol. Copper					93½	7½	95	82½	82½	
Replote Steel	49½	15½	96	18	145	40½	63½	49½	49½	
Republic Iron & Steel	111½	64½	112½	72	106½	74	95	92½	90	7
Do. Pfd.					86	56	57½	50	50½	1.339
Royal Dutch N. Y.			119½	39½	108½	87	102½	75	79½	4
Savage Arms					134½	88	138½	117½	117½	8
Schulte Roail Stores	124½	101	233	120	243	54½	214½	198½	198½	6
Seares, Roebuck & Co.					90½	29½	48½	45½	48½	0.96½
Shell Trans. & Trading					28½	12½	28½	24	24	1.40
Shell Union Oil					54½	22	54½	47½	47½	2
Simmons Company					28½	6½	28½	20½	21½	1
Sinclair Petroleum			67½	25½	64½	15	24½	20½	20½	
Sinclair Consol. Oil					35	8½	37½	27	27	2
Skelly Oil	94½	23	93½	19½	148½	32½	136½	110	110	6
Sloss-Sh. Steel & Iron					*135	47½	61½	54½	54½	2
Standard Oil of Calif.	*448	*322	*800	*355	*212	307½	46½	40½	40½	1
Do. Pfd.					119½	100½	118½	116½	117	7
Stewart-Warner Speed			*100½	*43	*181	21	92½	72	73½	6
Stromberg Carburetor			45½	21	118½	22½	77½	68	66	6
Studebaker Company	49½	15½	195	20	151	30½	61½	55	55½	5
Do. Pfd.	98½	64½	119½	70	125	76	121	114½	115	7
Tennessee Cop. & Chem.			81	11	17½	29	16	15½	15½	3
Texas Co.	144	74½	243	112	57½	29	148½	119½	128½	10
Texas Gulf Sulphur					121½	38½	191½	119½	128½	
Tex. & Pac. Coal & Oil					*275	30½	191½	119½	128½	
Tide Water Oil			225	165	195	5½	39½	34½	36	1
Timken Roller Bearing					59½	28½	56½	44½	45	23
Tobacco Products	145	100	83½	25	115	45	110½	95½	101	6
Do. Class A					110½	76½	118	103	104	7
Transcontinental Oil					62½	1½	4½	3½	3½	
Union Oil of Calif.					43½	33	46	37½	38½	3½
United Cigar Stores			*127½	*8½	*255	42½	97½	83½	88½	3½
United Drug			90½	64	176½	46½	167	136½	137	7½
Do. 1st Pfd.			84	46	58½	36½	87½	66	65½	3½
United Fruit	208½	126½	175	105	246	95½	297	236	272	10
United Ry. Investment	49	18	27½	4½	41	6	24½	19½	19½	
Do. Pfd.	77	30	49½	10½	83½	14	81½	65	65	
U. S. Cast I. Pipe & F.	32	9½	31½	7½	250	10½	210½	164	164	10
Do. Pfd.	84	40	67½	30	113	38	104	100½	100½	7
U. S. Indus. Alcohol	57½	24	171½	15	167	35½	75½	53½	53½	
U. S. Realty & Imp.	87	49½	63½	8	*184½	17½	71½	53	54½	4
U. S. Rubber	59½	27	80½	44	143½	22½	88½	67	68½	8
Do. 1st Pfd.	123½	98	115½	91	119½	66½	109	104½	104½	8
U. S. Smelt., Ref. & Min.	59	30½	81½	20	78½	18½	49½	40	41	3½
U. S. Steel	94½	41½	136½	38	139½	70½	138½	120	121½	25
Do. Pfd.	131	102½	123	102	126½	104	127½	124½	124½	25
Utah Copper	87½	38	130	45½	111	41½	105	96	94½	5
Vanadium Corp.					97	19½	32½	29	29	2
Western Union	86½	56	105½	53½	144½	76	147½	134½	138	8
Westinghouse Air Brake	141	132½	143	95	144	76	128½	111½	111½	26
Westinghouse E. & M.	45	24½	74½	32	84	38½	79½	66	68½	4
White Eagle Oil					34	20	29½	26½	26½	2
White Motors			60	30	104½	29½	90	73½	73½	4
Willys-Overland	*75	*50	*325	15	40½	4½	34	24½	25	
Do. Pfd.			100	69	123½	23	99	81½	96	7
Wilson & Co.			84½	42	104½	4½	5½	4½	4½	
Woolworth (F. W.) Co.	*177½	*76½	*151	*81½	*345	72½	222	170	171	8
Worthington Pump			117	19½	19½	44½	38	28	29	
Do. Pfd. A			100	85½	98½	65	80	77	77	7
Do. Pfd. B			78½	50	81	53½	65	60	61½	8
Youngtown Sh. & Tube					82½	59½	89½	75	75	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock.
¶ Partly stock. a Payable this year.

Securities and Commodities

Analyzed, Rated and Mentioned in This Issue

Commodities

Corn	964
Cotton	964
Metals	963
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OPENING A NEW DOOR TO INVESTMENT OPPORTUNITY

(Continued from page 896)

can public, because of its peculiar features. It will be totally exempt from New York, New Jersey and federal taxation and it has already been declared a legal investment for savings banks in the two states.

On the other hand, this bond issue will not be a municipal obligation since the credit of neither state is pledged for the payment of either principal or interest. It will not be secured by mortgage on the two bridges which are to be built between Staten Island and New Jersey with the proceeds from the sale. Nor can the bondholder bring action seeking a receivership in the event of a default.

The bonds will be secured, however, by pledge of the revenues and tolls arising out of the use of the bridges and it has been carefully and conservatively estimated that these revenues will be more than sufficient to meet all charges after maintenance and operating expenses. Both bridges have been badly needed for many years and the lack of them has considerably retarded the industrial development of Staten Island.

There will also be an equity behind the issue represented by \$4,000,000 cash advanced or pledged by the states of New York and New Jersey and secured by a subordinate lien on the bridge revenues. Furthermore, the two bridges will be free from all taxes and assessments, and will be adequately protected from direct competition from any other bridges to be constructed in the future. The Port Authority will have the power to fix tolls in its absolute discretion and in this particular instance it has been given the power to condemn any property needed. In view of all these factors, and the prestige that has already been gained by the Port Authority, it is logical to assume that its bonds will be rather generally considered as good investments.

Future New York

There is an old saying somewhat to the effect that transportation is the greatest factor in the welfare of peoples. If this is so, and there is every reason to believe it is, then the Port of New York Authority controls at least in good measure, the economic destiny of more than nine million people. Already the effect of the Port Authority's Comprehensive Plan has been felt in certain sections of the District. Real estate values and building activity on the Jersey side have reflected the possibility of the proposed bridge being built across the Hudson at an early date. Real estate activity in Staten Island has likewise been stimulated by prospects of

bridges being constructed. Certainly this activity in particular sections of the District may be expected to have an unfavorable influence on activity in other sections.

Wider Industrial Distribution

To quote the Commissioners of the Port of New York, "As the plan advances further in realization, it is natural that industries will seek those locations within the district which offer the greatest advantages. The result will be a wider distribution of industries and the elimination of congested centers. The result of this will be a regrouping of populations. . . . Parts of the district whose possibilities are scarcely realized today will undoubtedly become great and important centers of industry and commerce

What could this possibly mean but that the future possibilities of growth are much better in such localities as Staten Island and Long Island than on the island of Manhattan?

Future Strides

The investor in real estate or the securities of companies operating in the Port of New York District should give early consideration to the probable effect of the Comprehensive Plan in each particular instance. The plan is far beyond the state of a dream and the next few years will see great strides made in putting the entire plan in operation. It is difficult to determine to just what extent any of the railroads will be adversely affected and by all means most of them will be definitely benefited. The general effect of the plan will be fairly well equalized so far as the railroads are concerned. The effect on the revenues of the public utility companies will vary greatly in accordance with the territory served. Contrary to a rather general belief the various ferry companies, most of which are controlled by the railroads, will scarcely be put out of business for many years to come. The present dock and wharfage companies will in most cases apparently reap little benefit from the plan, and may even be adversely affected.

ANSWERS TO INQUIRIES

(Continued from page 928)

Union Bag & Paper was heralded as revolutionary in character and to hold tremendous potential profit possibilities. As a reflection, the shares advanced in a spectacular manner in the open market. However, at the high levels achieved, rumors became current to the effect that the new process was not coming fully up to expectations. The effect was instantaneous and drastic. If anything, the shares declined faster than they rose. As matters stand today there is little public in-

MARCH 12, 1926

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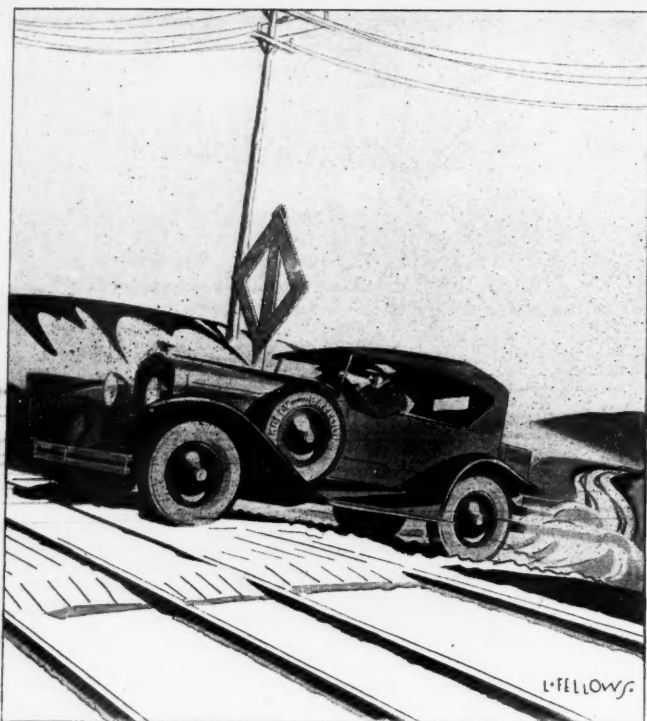
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terest manifest in the stock and for the time being at least it would appear that its meteoric market career is about over. There is little in the earning power of this company as developed to date to warrant the belief that the shares are undervalued. Unless you are willing to speculate upon potentialities not clearly defined we would suggest switching to an issue with better prospects. We much prefer Brooklyn-Manhattan-Transit for income and profit.

AMERICAN LIGHT & TRACTION

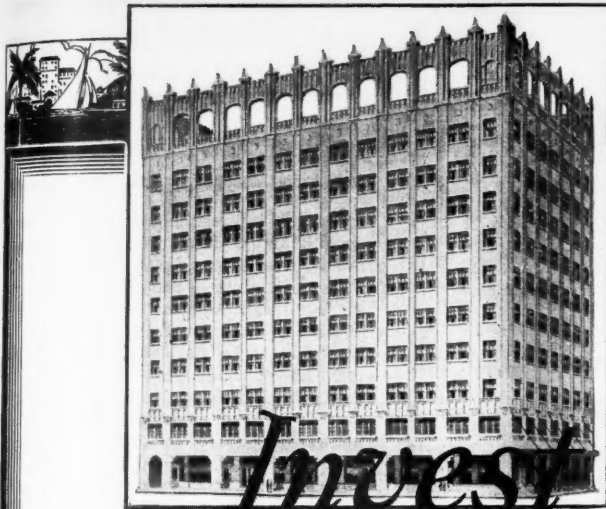
Will you give me your opinion as to the future possibilities of American Light & Traction? The stock is selling very high now and I am wondering if the outlook justifies this. I see very little about the company in the newspapers and as I have no regular broker I do not know where to write for information.—H. A. F., Des Moines, Ia.

A combination of new and energetic management with improved conditions in the territories served has been of material benefit to American Light & Traction. As a result, the company was able to show \$18.59 per share earned on the common in 1925, against \$14.54 in the previous year. This excellent showing was reminiscent of the days when this company was regarded as one of the most prosperous utilities. In the process of the foregoing the shares advanced to a considerable extent in the stock market, and at levels now prevailing can hardly be said to be on the bargain counter. The situation appears well discounted. In view of the more or less general inflation in the utilities, we believe it would be well if you transferred to an issue of different description. We are still favorably impressed with the prospects of Famous Players and suggest that this receive your consideration.

PRAIRIE PIPE LINE

I appreciate the fact that Pipe Line stocks may almost be considered a liquidating proposition and have been inclined to consider Prairie as more favorably situated than other companies in the industry. I have 50 shares for some years and would appreciate your comment.—F. A. S., Detroit, Mich.

To a certain extent your supposition is correct. Compared with the rank and file of pipe line companies, Prairie appears to some advantage. This company was one of the few in this field of endeavor showing an increase in business in 1925 over that of the preceding year. Prairie moved 52.4 million barrels of oil in the late year, against 46.4 million in 1924. In view of the fact that Prairie acquired a half interest in the Texas lines of Pure Oil and is now operating the same, it is quite probable that 1926 results will compare favorably with those noted. However, it would be folly to ignore the fact that the pipe line industry is on the decline. Competition from the Coast via the Canal is becoming increasingly keen. Prairie may not always appear in an advantageous light as at present, and consequently the stock cannot be considered a desirable permanent holding. We believe that better profit possibilities exist in Standard of Indiana and Marland Oil.



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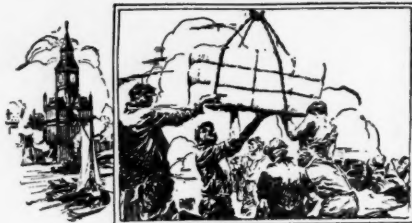
The gathering and collating of up-to-date data regarding local conditions in all foreign countries, such as the custom laws, the essential facts regarding negotiable instruments and the protesting of a negotiable instrument.

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PUBLIC UTILITY BONDS SOON TO BECOME "LEGALS" IN NEW YORK

(Continued from page 897)

twice all interest charges on present debt. Gross revenues for five years must have averaged at least five millions per annum. Earnings on all outstanding capital stock must have been at least 4% in each of the last five years. Bonds must be part of an issue of at least five millions, secured by a first or refunding mortgage, and the mortgage bonds, plus all underlying bonds shall not exceed 60% of property mortgaged. Not more than 15% of all assets of a savings bank may be invested in telephone bonds, nor more than 5% in the bonds of any one telephone corporation.

Gas and electric bonds must also be under public service commissions. At least 75% of their revenue must arise from utility operations. Capital stock provision is similar to telephone bonds except that in the case of no-par value stock it is provided that the value of corporation property shall exceed by two-thirds all mortgage indebtedness. Eight year interest and principal payment provision is identical. Earnings provisions differ in one respect. Minimum average gross earnings required for last five years is \$500,000 and in the case of non-par value stock, there must have been earned in each year of the last five, an amount equal to two-thirds interest charges on the mortgage debt. Bonds may be part of an issue of one-million dollars, minimally. All franchises must extend five years beyond the life of the bonds affected by such franchises. All other provisions are similar to those applicable to telephone bonds.

There can be no question that the very pick and flower of operating public utilities is alone capable of meeting these ultra-strict requirements, and that savings banks will be enabled to enjoy the same safety as in the past, with higher yields.

Perhaps the most important consequence of this new tendency to make utilities "legals" will be reflected in the coupon rate. While yield, and not coupon rate, is vital to the investor, coupon rate is all-important to the issuing company. Why should a company continue to pay 6% on a loan of ten millions, when it can call a bond at 105, and refinance with a 4½% coupon? It will thus reduce interest charges by \$150,000 per annum, and at the same time show a profit to those investors who purchased below call price. This would be the case with closed mortgage issues and not, of course, with open end mortgage issues.

In the case of many companies, they would wish to issue 4½% bonds at a discount, to obtain the prestige of a low coupon rate. The canny investor has real profit opportunities awaiting him

(Please turn to page 948)

WE extend the facilities of our organization to those desiring information or reports on companies with which we are identified

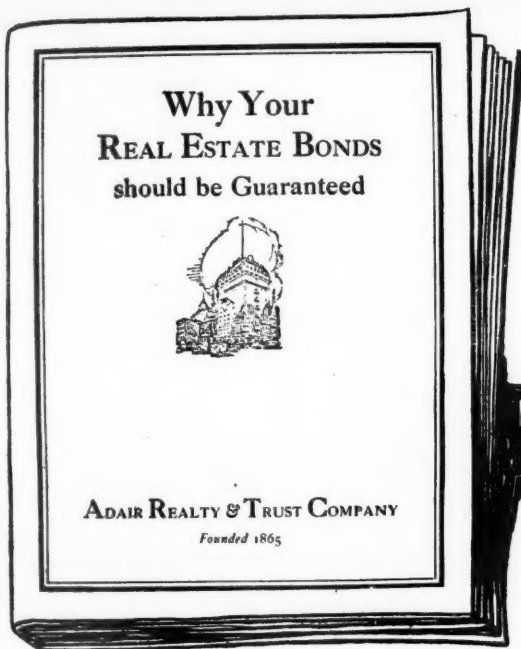
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(Continued from page 946)

here. Where a bond is now selling to yield 5%, with a 5½% coupon rate, it will probably yield 4.60% when made a "legal," and it would pay the company to call at say, 105 and issue a 4½% coupon at 99. This is not only true in the case of "legals" but some reflection of this situation would occur in all utility securities. Flotation of Commonwealth Edison bonds with a 4½% coupon, although at a yield basis near 5%, indicates that this tendency is passing from theory into fact.

ARTIFICIAL AND REAL MARKETS FOR SECURITIES

(Continued from page 898)

surprising small extent by the public.

*The Syndicate
Market*

A syndicate market is one generally made by a banking

house or group of houses for an issue they are marketing. The security may be listed or unlisted. The market is very often supported for varying periods of time either 30, 60 or 90 days depending on the terms and success of the syndicate.

This is the type of a market that the public should watch very closely, as it is very often a false market artificially supported and not maintained on its merits by real supply and demand. A good way to test it out is to offer a bond or two or a hundred shares of stock, and if there are several sales at the same price and your lot does not sell you can deduce that the market is not very strong.

The strength of the market or success of distribution is very often indicated by the willingness of the syndicate member from whom you purchased the issue to take it off your hands before the expiration of the syndicate. The chief disadvantage of this type of market is that occasionally the so-called peg is pulled the minute the syndicate is closed and the issue is left to shift for itself and there follows immediately a quick drop in the price.

Of course, the successful sale of the issue in question usually governs the subsequent success of the market for the issue. As a rule most of the syndicates for the past year or two have been very successful but markets during this period were in the bullish cycle. The investor can very often judge this kind of market by ascertaining the particulars of the syndicate, the houses participating, their record for success or failure, the duration of the syndicate, and by testing the strength of the market and observing the range and volume of sales.

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(Please turn to page 950)

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(Continued from page 948)

are bought and sold in brokerage and banking houses than anywhere else. A security in this market is likely to sell on its merits because the trend of the market is based chiefly on a real supply and demand which in turn is based on intrinsic worth. In falling markets on the exchanges, over-the-counter securities, nearly always give a good account of themselves. If there is a big drop in the price of an over-the-counter security you can make up your mind that there is something radically wrong with the affairs of the company. Another reason for stability of price in this group as a rule, is that there is less stock available for speculative purposes. By these purposes I mean, securities carried on margin as in the case of listed securities. It has been the writer's observation that securities carried on loans at banks are less likely to be liquidated quickly at the first sign of a little drop than are those that are carried on margin with a broker.

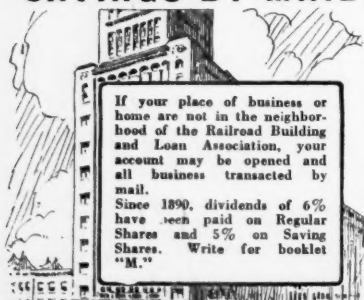
There are a host of good securities that enjoy a good over-the-counter market and the fact that a security is not listed is nothing against the issue. Many of our good unlisted securities of proven value have only a point spread between the bid and asked prices and a stable market. Furthermore, investors holding unlisted securities of proven value and good record back of them will find it very easy to obtain collateral loans with them as security at almost any reputable banking institution. The leading financial publications and especially the daily papers carry various lists of securities not listed on any exchange but which enjoy ready markets

The Exchanges Listed securities are those traded in on some exchange. Speaking in a large way the best listed markets are those of the N. Y. Stock Exchange, which of course, comes first, the N. Y. Curb Market and the Chicago Stock Exchange. There are many other reputable exchanges, in fact nearly every large center in the country has its local market. But, of course, the volume of trading in the latter is more or less restricted. The chief pitfall to avoid in listed securities is not to be deluded into buying some security that is supposed to have a listed market only to ascertain that the listing doesn't amount to anything as there are seldom if ever any sales appearing on the exchange.

Volume of trading is the true index as to the worth of the listing feature. If there are several hundreds or thousands of shares changing hands daily, the listing is of some value. But, on the other hand, if the listing constitutes merely a statement of the total authorized capitalization and the number of shares listed with dots in the place of what ought to be a bid and an asked price on the back of the exchanges' official sheet, then the listing is not worth the paper it is written on. It sounds good on an offering circular to say that it is listed on so and so exchange, but

(Please turn to page 952)

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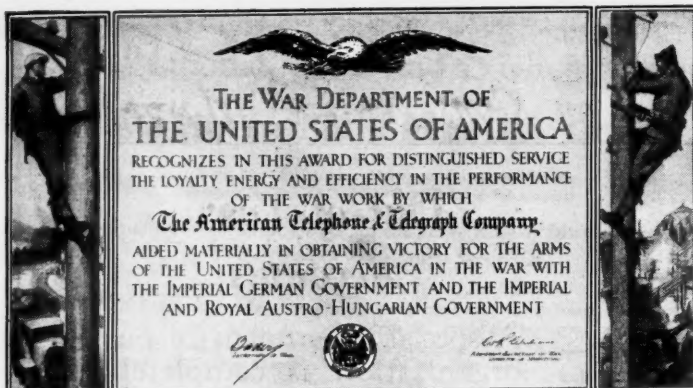
New York

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Without cost or obligation on my part, please send me booklet describing your service; also current offering list showing your prices. M-441

Name
Address

(Continued from page 950)



Telephone Preparedness

NINE years ago, when this nation was preparing for war, it found the Bell Telephone System ready for service at home and abroad. The war found the Bell System prepared. From its technical forces so needful to meet our war-time activities in this country, fourteen battalions were organized to carry to the front the highest developments of the telephone art. No other nation had so complete a system of communication to aid in mobilizing its resources. No other nation was able to put into the field a military communication, system of equal effectiveness.

Fifty years ago Alexander Graham Bell, the inventor of the telephone, gave to the world a new art. He had the vision of a nation-wide telephone

system by which people near at hand and far apart could talk to one another as if face to face. He foresaw a usefulness for the telephone which could not be achieved without innumerable developments, inventions and improvements, to him unknown. But not even he foresaw the marvelous applications of telephony which gave to the American armies that fighting efficiency which is possible only when there is instant exchange of complete information.

Since the completion of its service in time of war, the Bell System has devoted itself to the extension of the telephone art as one of the great agencies for the development of the pursuits of peace.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY AND ASSOCIATED COMPANIES



IN ITS SEMI-CENTENNIAL YEAR THE BELL SYSTEM LOOKS FORWARD TO CONTINUED PROGRESS IN TELEPHONE COMMUNICATION

A Good Motto

A good motto to be mindful of is that of the Better Business Bureau which is: "Before You Invest—Investigate!" It might pay you, for example, to investigate the booklet, *Three Plans for Savers*, issued by the old Franklin Society for Home-Building and Savings, which pays dividends, compounded quarterly, at the rate of 4½ and 5%. Sent for the asking.

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what the investor wants to know is if it is active, as otherwise it might better have a good over-the-counter market.

There are several features in connection with listed markets that are not always desirable. One has been suggested above, that they are very sensitive. More people go with the tide in a listed market than in any other kind of a market. Securities carried on margin are parted with more easily than those held in strong boxes because one does not see them change hands and always figures perhaps he will buy back again lower. While much has been said lately about the greatness of the listed market in point of issues and number of shares traded in precluding the possibility of manipulation to any great extent, the fact remains that the liquidation of a long line of stock by a big interest will certainly depress for a time at least some of the strongest of securities. Of late there seems to be a disposition on the part of banking institutions to follow the same course that has been practiced in the case of a long line of over-the-counter securities to be liquidated, that is, to underwrite them and sell them to their own customers privately as in the case of the recent offering of a block of Woolworth stock.

In the final analysis, probably the ideal market for a security is one which may be either listed or over-the-counter, but is in an issue boasting a large number of stockholders or bondholders, holding small amounts, distributed all over the world. The security with the best market is one that is in a standard line of business which is both well known and popular. In the over-the-counter markets good public utility issues, bank stocks, insurance stocks, etc., have had fine markets for some time. On the exchange many issues have the kind of a market that is so stable that when most issues are dropping by halves and points in a bear market, they will recede by eighths.

Recently a disinterested broker was asked his opinion of a certain listed stock of a prominent public utility holding company and he replied that no matter how fast the market was dropping, he never worried when he received a large selling order in this security as there was always a buyer, no matter how large the order, whether for 5,000 or 10,000 shares. Its business, management, earnings, and prospects, together with expert handling of the market for its security, have so popularized the issue with the public that it has almost an ideal market. The average investor can best protect himself by restricting his commitments to standard well distributed securities of proven worth and the market will, in most cases, take care of itself.

For Help in Solving Your Life Insurance Problems Consult Our Insurance Department.

Another Unusual Profit Opportunity!

Last Fall, through The Magazine of Wall Street, we called the attention of investors to our analysis of the unusual profit opportunity created by the Virginia Carolina Chemical re-organization—unusual because it combined prospects of most satisfactory profit with small risk.

Those who answered our presentation of this opportunity, and purchased the securities of the newly re-organized company, as advised, now have profits of around 70% on the investment. This profit has developed in face of the fact that, since, the stock market as a whole has not advanced materially.

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Right now another combination of conditions has created ANOTHER PROFIT OPPORTUNITY, of somewhat similar character.

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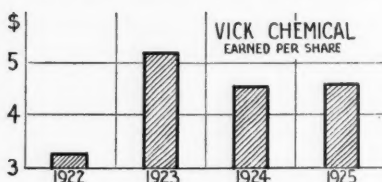
New York

INTRODUCING THE NEWEST LISTINGS ON THE STOCK EXCHANGE

(Continued from page 909)

and will be close to 600,000 lbs. in 1926. The present acreage will yield 2 million pounds a year when all the trees planted reach maturity.

The Intercontinental Rubber Company, upon its reorganization, attracted the backing of an impressive directorate. It has ample cash to continue its expansion and future development program which comprehends commercial production of rubber in the United States from cultivated guayule shrub on land already acquired for that purpose. The shares of the company appear to be quite attractive at their present price of around 18 as a long-range speculation.



Vick Chemical Company

Capital Stock

(Outstanding, 400,000 shares no par value)

The business now conducted by the Vick Chemical Company was founded by Mr. Lunsford Richardson in 1885 and has been managed by the Richardson family and been in their control since that date. In addition to a number of less widely known medical products, the company manufactures and sells "Vicks VapoRub," a medicated salve that enjoys a large sale throughout the United States and foreign countries. This product has been on the market for about twenty years. The first laboratories of the company were located in Greensboro, N. C., and the sales activities of the company were concentrated in the South for many years. In 1924, expansion of sales made it necessary to erect a new plant at Philadelphia which is equipped to take care of the increasing volume of business for many years ahead without additional capital investment.

The present Vick Chemical Company was organized in August, 1925, and its shares found a national market on the New York Stock exchange in connection with a public offering of 100,000 shares last year, out of a total authorized and outstanding issue of 400,000 shares of no par value capital stock. Control of the new company, it is stated, continues to rest with the Richardson family. The present management, which has been responsible for the successful conduct and development of the company, will con-

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New York

to direct its affairs under a definite program of expansion. The sales possibilities of Vicks VapoRub will be thoroughly exploited in the domestic and foreign market and then, other medical products made by the company, will be pushed as energetically as its principal product at present.

The company is financially prepared to carry out its program for future expansion, having about 2.7 million dollars in current assets with no debts whatever except \$210 of accounts payable. There is only one class of stock, no bonds nor bank loans outstanding. The approximate present market price of around \$50 a share on the 400,000 shares is 20 million dollars, which does not appear to be an excessive valuation in consideration of the established earning power of the company and its promising outlook for the future. However, in view of the present unsettled position of the market, it would be wise to defer commitments.

SINCLAIR CONSOLIDATED OIL INCORPORATION

(Continued from page 926)

the Naval Reserve contract is cancelled, equitable compensation will be made to the company; even if the entire investment is lost, six or seven million dollars is truly a small portion of the companies 430 million dollars' worth of invested assets.

The preliminary reports covering operations during 1925 are too incomplete to permit an accurate appraisal of the earnings of the company in that period. For the first six months, a yearly earning capacity of around \$5 a share is indicated but this figure does not take into consideration the usual year end deductions for depletion and abandoned wells. After these writeoffs and all other charges the company probably did a little better than break even in the first six months. However, a substantial amount of stored oil was run to the refineries during the latter half of the year at a profit that may or may not show up in the year end income statement when published. Irrespective of what the corporate report will show in the way of earnings, there is no doubt that Sinclair has improved its earning capacity during the past year to a far greater degree than its shares have appreciated in value on the Exchange.

Because of the large fixed charges on the company's funded capitalization, the income available for the stock is likely to be very unsatisfactory in a bad year but in direct proportion it should be correspondingly good under favorable conditions in the industry. Sinclair Consolidated is like the little girl with the curl on her forehead, when it is good it is very good and when it is bad it is very bad, and as far as 1926 is concerned it appears "good."

The stock, in other words, at current prices around 21, seems a good speculation.

MARCH 13, 1926

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American Ex-Pacific (16.50)	460	470	Globe & Rutgers (28)	1680	1720	
Chase (30A)	625	635	Great American (16)	295	305	
Chatham & Phenix (16)	375	380	Hanover (5)	205	212	
Chemical (24)	585	590	Hartford Fire (20)	630	640	
City (20A)	652	658	{ *Home (18)	357	368	
Commerce (16)	375	380	{ *Carolina (1)	35	37	
First (N. Y.) (100A)	2750	2825	Milwaukee Mech. (2.20)	36	38	
Hanover (27)	1105	1125	National Fire (20)	835	850	
Mechanics & Metals (20)	445	455	Niagara (10)	253	260	
Park (24)	530	535	{ *North River (4)	117	124	
Public (16)	675	690	{ *United States (4.80)	155	160	
Seaboard (16)	675	690	Stuyvesant (6)	233	238	
			Travelers (20D)	1280	1300	
			Westchester (2.50)	45	47	
TRUST COMPANIES:			CASUALTY AND INDEMNITY COMPANIES:			
Bankers (20)	640	650	American Surety (8)	180	185	
Bank of N. Y. & Trust Co. (22)	650	660	National Surety (8)	215	223	
Brooklyn (30)	885	900	U. S. Casualty (10)	400	415	
Central Union (38)	875	895	U. S. Fid. & Guar. (9D)	195	205	
Empire (16)	370	380				
Equitable (12)	293	298				
Farmers' L. & T. (16)	550	560				
Guaranty (12)	379	384				
Irving-Columbia (14)	328	334				
Manufacturers (18)	540	555				
New York (20)	560	570				
United States (60)	1825	1850				
STATE BANKS (NEW YORK):			JOINT STOCK LAND BANKS:			
America V. T. C. (12)	310	320	Bankers of Milwaukee (4E)	125	135	
Corn Exchange (20)	595	605	Chicago (10)	135	145	
Manhattan Co. (8C)	237	242	Dallas (10)	140	150	
State (16)	620	640	Denver (8)	125	135	
United States (10)	340	343	Des Moines (4E)	115	125	
			First Carolina (8)	125	135	
			Kansas City (10)	130	140	
			Lincoln (9)	140	150	
			St. Louis (9)	160	165	
			Southern Minnesota	115	125	
			Virginia (.50B)	7 3/4	8 3/4	
INSURANCE COMPANIES:						
Aetna Fire (24)	655	670				
Aetna Life (12)	1200	1215				
{ *Fidelity-Phenix (6)	185	189				
{ *Continental (6)	134	138				

(A) Includes dividends from Securities Company.
(B) Par \$5. (C) Par \$50. (D) Ex-rights. (E)
Annual rate not definite. Based on Jan. 1st pay-
ment. * Members same group.

BANK and insurance stocks were, of course, affected to some extent by the dramatic declines on the stock exchanges. That is to say, they constituted ideal media for raising cash with which to support tottering margin accounts. The better the bank or insurance stock, the worse its position at such a moment. For it is in the stocks in which handsome profits had been made, that sales took place. Hence, those stocks which had seen considerable advances, were the first to be rushed into the market. High priced bank and insurance stocks were in the worst plight of all since an offering of 50 shares is often sufficient to drive the quotation down by a considerable figure. Nevertheless, all in all, values have stood up remarkably, and amid the losses there were even many gains. The old maxim that bank stocks rise with a bull market, but show no corresponding loss in a bear market, appears thoroughly vindicated. This flurry also indicates that bank and insurance stocks should be bought as investments, for capital appreciation, rather than used as liquid cash reserves. This latter function should be the province of the Liberty bond and the savings bank account. Steady, handsome book profits in bank and insurance stocks should not all be cancelled by using the stocks as ballast for other investments.

Apart from the market, it must be remembered that the question as to

whether or not we will have a bull or a bear market has great importance for the insurance companies. Since these companies are primarily investment trusts, and since more than half their holdings are in stocks, it would seem, superficially, that the insurance companies would cease to prosper should the bull market have terminated definitely. But such is not the case. In the first place it is on income from investments rather than in increase of book values that the investment trust merits of insurance stocks are considered. Secondly, the price at which most companies bought their stocks were such that it would take catastrophes far greater than this market decline to effect losses. Thirdly, gradual switches of holdings into bonds and high-grade preferred stocks remain open. It is true, however, that income from investments may show a smaller yield per sum invested, under such conditions. Hence bullish considerations must be tempered by reason. It is likely that from now on insurance stocks will be studied more on the basis of individual company merits, than on the basis of group merit.

An interesting insurance stock is the Security Insurance Company of New Haven. It was recommended in these columns last autumn. At 95, the quotation governing as a result of market recessions, it is highly attractive. Its liquidating value is \$102 per share, which is \$7 more than the quotation.

SOUTHERN CALIFORNIA EDISON CO.

(Continued from page 903)

of only 1,400 feet in 30 miles. Expressed in power the tunnel supplies fully 1.25 billion kw. hours, or about 80% of actual amount of electrical energy sold in 1925. As no drouth that has been experienced has resulted in a shortage of even one billion kw. hours, it follows that earning power has now a steady basis. As yet, plant capacity permits relation of only 253 millions kw. hours, but work is being rushed on 350,000 horsepower capacity power plants, so that the full supply will soon be realized.

Position of Funded Debt

Including bonds of underlying companies total net funded debt of Southern California Edison is now 113.5 millions. First important maturity is the general mortgage 5s due in 1939, of which 13.3 millions are outstanding. The next important maturity is in 1943.

Of the funded debt, two issues are far from being outstanding in the sum of their authorized amount. The Southern California Edison, general and refunding mortgage 25-year bonds due 1944 is outstanding, 10 millions in the 5% series, 10.2 millions in the 5½% series, and 33.9 millions in the 6% series, a total of 54.1 millions. Issue is authorized to 136 millions, but no additional underlying bonds shall be issued unless pledged as security for this general and refunding issues. Further, escrow bonds of this series may be issued but only to the extent of 75% of the acquisitions and additions to the property of the company provided that net earnings in the preceding twelve months have equalled 1.75 times interest on all funded debt including the new issue. Ample provision is thus made that the equity behind this issue shall not be diluted by any further issue, and that earning power be properly safeguarded.

The other important open-mortgage issue is the refunding mortgage 6s due in 1943. This is outstanding in the amount of 26.5 millions. Bonds of this series may be issued to the amount of the total authorized funded debt of the company at the time the indenture was made, which in this case is 250 millions. It is provided, however, that there must be retired bond for bond, part of the preceding issue (now 83 millions). Other provisions for the safeguarding of assets and earnings are the same as those for the general and refunding issues.

This last junior issue is represented by net tangible assets 1.8 times that of the issue outstanding, whereas the general and refunding series have equities 2.2 times that of the issue outstanding. From the viewpoint, then,

(Please turn to page 959)

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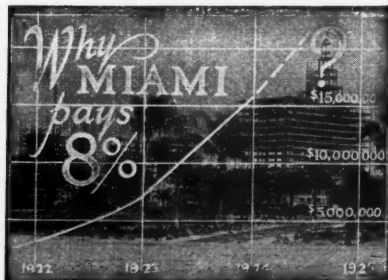
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IMPORTANT ISSUES

Quotations as of Recent Date*

	Bid	Asked		Bid	Asked
Aeolian Co., pfd. (7).....	75	85	Jos. Dixon Crucible (8).....	148	153
Aeolian Weber	27	34	Johns-Manville, Inc. (8).....	137	142
Aeolian Weber, pfd. (7).....	100	106	Knox Hat	53	..
Alpha Port. Cement (6).....	135	138	Pr. Pfd. (7)	95	98
Aluminum Co. of Am.	65	68	Part. Pfd. A.....	68	..
Pfd. (6)	98	100	Lehigh Port. Cement (3).....	87	91
Pfd. Warrants	88	90	McCall Corp.: .....	..	..
American Arch (7P)	123	128	New (0.50)	28	41
American Book Co. (7).....	140	145	Manhattan Rubber (2.5).....	37	40
Amer. Cyanamid (now): .....	..	..	Metropolitan Chain Sts.: .....	..	..
Cl. A	43	46	1st Pfd. (7)	105	109
Cl. B	42	45	2nd Pfd. (7)	104	107
Pfd. (6)	93	96	Nat'l Fuel Gas (6P)	135	145
Amer. Thread Pfd. (1/4).....	3 3/4	4	New Jersey Zinc (8P)	195	208
Atlas Port. Cement (4).....	49	52	Niles-Bement-Pond	20	23
Babcock & Wilcox (7).....	140	144	Pfd.	70	..
Barnhart Bros. & Spindler: .....	..	..	Phelps Dodge Corp'n (4).....	125	132
1st Pfd. (7) G.....	103 1/4	106	Pierce, But. & Pierce: .....	..	..
2nd Pfd. (7) G.....	98	..	(New) (2)	24	28 1/2
Bliss (E. W.) Co. Cfts.	21	25	Pfd. (8)	98	101
1st Pfd. (4)	55	..	Richmond	16	18
Cl. B Pfd. (0.60)	5 3/4	11	Pfd. (3)	39	41
Bohach (H. C.) Co. (10).....	200	210	Royal Bak's Powder (8).....	180	190
1st Pfd. (7)	100	103	Pfd. (6)	100	108
Borden Co. (4P)	93	98	Safety Car H. & L. (8P).....	122	125
Bucyrus Co. (5P)	185	195	Savannah Sugar (6)	150	155
Pfd. (7)	105	110	Pfd. (7)	122	127
Celluloid Co.	18	22	Servel Corp. B.....	58	59
Pfd. (8)	60	65	Sheffield Farms pfd. (6).....	100	104
Congoleum Co. pfd. (7).....	97	98 1/2	Singer Mfg. Co. (10P).....	245	255
Continental G. & El. (4.4).....	145	155	Singer, Ltd. (1/4).....	6 1/2	7 1/2
Part pfd. (8).....	99	101 1/2	Superheater Co. (6P).....	135	142
Prior pfd. (7)	98	99	Technicolor, Inc.	205	210
Crocker Wheeler	17	23	Wash. Ry. & Elec. (8).....	86	89
Pfd.	55	60	Pfd. (5)	86	89
Devoe & Reynolds: .....	..	..	White R'k 2nd pfd. (6P).....	150	200
2nd Pfd. (7)	98	103	1st Pfd. (7)	100	104
Fajardo Sugar (10P)	149	152	Woodward Iron	85	90
Franklin Rwy. Sup. (4).....	85	90	Pfd. (6)	85	..
Giant Port. Cement.....	40	45			
Pfd. (3.5P)	47	49			
Hercules Powder (6P)	140	143			
Pfd. (7)	111	113			
Ide (Geo. F.) & Co., Inc.	50	55			
Pfd. (8)	100	105			
International Silver (6).....	100	105			
Pfd. (7)	103	107			

*Dividend rates in dollars per share designated in parentheses.
G—Guaranteed as to principal and dividend by Amer. Type Founders.
P—Plus extras.
B—Also extras on account of arrears.

OVER-THE-COUNTER stocks were unable to withstand the flood of selling orders that poured into the market during the latter half of the fortnight. Price recessions were general and in most cases marked. The downward movement bore most heavily upon inflated public utility shares in both listed and unlisted markets. Since the major number of these securities have had their speculative vogue "over-the-counter," the more drastic losses occurred in this quarter with some few exceptions.

Unlisted industrial stocks prices were likewise upset by the avalanche of liquidation and the shift of speculative sentiment. In consequence, losses ranged from fractional declines in the case of the low-priced shares to twenty or more points among the high-priced issues.

A few stocks stood out against the prevailing trend, nevertheless. Included among these in the speculative division was *Technicolor*. Firmness in the shares of this company was evidently predicted upon favorable sentiment engendered by the presentation of Douglas Fairbank's production, "The Black Pirate." The *Technicolor* process is employed in this film throughout.

Alpha Portland Cement was another center of strength, refusing to give ground apparently due to merger

rumors. *Alpha*, according to stories recently current, may become part of a consolidation involving the *International* and *Ideal* cement companies. Combined annual productive capacity of these three producers is 22 million barrels. So far as known, the merger has not progressed beyond the rumor stage, but, in the event of an actual consolidation, *Alpha* should fare well because of its conservative capitalization.

White Rock has declared a dividend of \$2 a share for its common stock. After the common has received payments of \$1 a share, the second preferred is entitled to participate in all further dividends in the ratio of five to one. Thus, the second preferred stock is now entitled to an extra payment of \$2.50 a share quarterly.

Bucyrus Company likewise took action to give shareholders a more liberal share in the prosperity that has fallen to its lot within recent years. In addition to the regular quarterly dividend of \$1.75 a share on the common, the company has declared an extra payment of \$3 a share. This compares with an extra of \$2 paid in the last quarter of 1925. Earnings in the year ended December 31, 1925, reached a new high level at \$33.51 a share for the common, against \$30.23 a share in the year preceding.

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(Continued from page 957)

of assets applicable to the bonds and earning power (three times requirements) they remain desirable. At recent level of 97% on the 5% general and refunding issue to yield 5.19%, at 101% for the 5½s to yield 5.35%, and at 105¼ for the 6s to yield 5.55%, they are good investments, though scarcely exceptional among public utilities. The refunding 6s of 1943 at 103¼ to yield 5.71% are still intrinsically attractive.

Perhaps the most important question concerning these bonds is whether or not the company will have recourse to their open-end mortgage provisions to take care of contemplated new financing, or whether they will use the preferred stocks for this purpose. For it is conceded that financing of the 32 million magnitude planned for 1925 will be required for several years. If recourse is had to preferred stock financing, the equity back of the bonds will be increased, and the quality of the bonds raised by so much. Recent developments indicate that preferred stocks will account for a large part of this additional financing. Hence, the investment qualities of the bonds may be looked upon as having a bright future, over and above their present investment status.

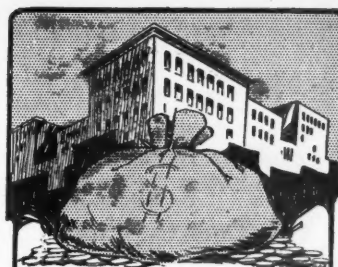
Changes in Capitalization Planned

At the annual meeting of stockholders to be held March 19, a reclassification of the capital stock structure will be demanded. There is a lively interest in such meetings as both employee and customer ownership have gone further in Southern California Edison than anywhere else. Authorized capital stock will remain at 250 millions, and common stock authorized will remain at 125 millions. The 7% preferred "A" stock will have authorized amount reduced from 60 millions to 30 millions (24.9 millions outstanding).

The 6% "B" preferred (19.1 millions outstanding), will have its authorized amount increased to 50 millions from 40 millions and the 5½% "C" preferred stock will be increased in amount authorized from 21 millions to 41 millions. This issue has no stock outstanding. This leaves 41 millions additional financing possible with this 5½% issue, 31 millions with the 6% issue and only 5 millions with the 7% issue, or a total of 77 millions. As common is outstanding to the extent of 43 millions, some additional financing may be sought here, but in view of the 8% dividend, probably not until the preferred stocks have been used for this purpose.

If preferred stock financing can be done at low rates, bonds will not be resorted to. As for the common stock, it makes little difference to it which groups will be used, so long as assets represented by such new financing are in excess of the amount financed, as earning power is increased by more than fixed charges. Par value of these preferred stocks, as well as common stock is to be reduced from \$100 to \$25, a further indication that they are to be

(Please turn to page 961)



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Unlisted Utility Bond Index

Holding Companies

	Investment Grade	Bid Price	Asked Price	Yield
American Gas & Electric 6s, 2014.....	B..	99 $\frac{1}{2}$	100 $\frac{1}{4}$	5.99
American Power & Light 6s, Series A, 2016.....	B..	97 $\frac{1}{2}$	98 $\frac{1}{4}$	6.10
Central Power & Lt. 1st Fr. Ln. 6s, 1946.....	B..	101 $\frac{1}{4}$	102 $\frac{1}{4}$	5.81
Continental Gas & Electric 6s, 1947.....	B..	101 $\frac{1}{4}$	102 $\frac{1}{4}$	5.80
National Power & Light, Inc., 7s, 1972.....	B..	103 $\frac{1}{4}$	104 $\frac{1}{4}$	6.70
Southwestern Power & Light 1st Mtgo. 5s, 1943.....	B..	95	96	5.37

Power Companies

Alabama Power Co. 1st Ln. & Ref. 6s, 1961.....	A..	105	106	5.56
Appalachian Power Co. 1st 5s, 1941.....	A..	99 $\frac{1}{4}$	100	5.00
Arizona Power 1st 6s, 1933.....	A..	100	...	6.00
Binghamton Lt., Heat & Power 1st Ref. 5s, 1946.....	B..	99	99 $\frac{1}{4}$	5.02
Central Ga. Power Co. 1st 5s, 1938.....	B..	96	97	5.36
Consumers El. Lt. & Pwr. New Orleans, 1st 5s, 1936.....	B..	96	98	5.25
Great Western Power Co. 1st Ref. 6s, 1952.....	A..	102	...	5.85
Idaho Power Co. 5s, 1947.....	A..	97 $\frac{1}{4}$	98 $\frac{1}{2}$	5.12
Illinois Power & Light 1st & Ref. 6s, 1953.....	B..	101 $\frac{1}{4}$	102 $\frac{1}{4}$	5.83
Kansas Electric Power 1st Series A, 6s, 1937.....	B..	101	102	5.75
Memphis Power & Light 5s, 1948.....	A..	99	100	5.00
Mississippi River Power 1st 5s, 1951.....	A..	99 $\frac{1}{4}$	100 $\frac{1}{4}$	4.97
Nebraska Power Corp. 1st 6s, 1949.....	A..	103	105	5.60
Nevada-California Electric 1st 6s, 1946.....	B..	98 $\frac{1}{4}$	99	6.07
New Jersey Power & Light 1st 5s, 1936.....	B..	97	98	5.26
Niagara Falls Power 1st & Cons. Mtgo. 6s, 1950.....	A..	105 $\frac{1}{4}$	106 $\frac{1}{4}$	5.48
Ohio Power Co. 1st Ref. 7s, 1951.....	A..	106	107	6.43
Puget Sound Power & Light 5 $\frac{1}{4}$ s, 1949.....	A..	100 $\frac{1}{4}$	101 $\frac{1}{4}$	5.36
Tennessee Power Co. 1st 5s, 1962.....	A..	98 $\frac{1}{4}$	97	5.18
Texas Power & Light Co. 1st 5s, 1937.....	B..	96 $\frac{1}{4}$	97 $\frac{1}{4}$	5.30
Virginia Power Co. 1st 5s, 1942.....	B..	96	97	5.27
Washington Coast Utilities 1st Mtgo. 6s, 1941.....	B..	102 $\frac{1}{4}$	103 $\frac{1}{4}$	5.67
Yadkin River Power 1st Mtgo. 5s, 1941.....	A..	100	101	4.90

Gas and Electric Companies

Burlington Gas & Light 5s, 1955.....	B..	92 $\frac{1}{4}$	...	5.49
Cons. Cities Light, Power & Traction 1st 5s, 1962.....	B..	80	81	6.33
Dallas Power & Light 6s, 1949.....	A..	103	105	5.61
Gas and By-Products Co., 1st lien & coll. 7s, 1939.....	B..	97 $\frac{1}{4}$	100	7.00
Indianapolis Gas Co. 1st 5s, 1952.....	B..	97	98	5.14
Oklahoma Gas & Electric 5s, 1950.....	A..	93 $\frac{1}{4}$	95	5.37
Pacific Gas & Electric 1st & Ref. 5 $\frac{1}{4}$ s, 1952.....	A..	103 $\frac{1}{4}$	104	5.22
Portland Gas & Coke 1st 5s, 1940.....	B..	98	99	5.10
Seattle Lighting Co. Ref. 5s, 1949.....	B..	92	94	5.45
Tri-City Railway & Light 5s, 1930.....	B..	98 $\frac{1}{4}$	98 $\frac{3}{4}$	5.30
Twin State Gas & Electric Ref. 5s, 1953.....	B..	92 $\frac{1}{4}$	93 $\frac{1}{4}$	5.45
United Light & Railways 6s, 1952.....	B..	99 $\frac{1}{4}$	100 $\frac{1}{4}$	5.97
Wilmington Gas Co. 5s, 1949.....	B..	94 $\frac{1}{4}$	96 $\frac{1}{4}$	5.26

Traction Companies

Brooklyn City & Newton 1st 5s, 1939.....	B..	80	82	7.10
Columbus Street Railway 1st 5s, 1932.....	B..	95	...	6.38
Galveston-Houston Electric Railway 1st 5s, 1954.....	B..	67	72	7.38
Georgia Light, Power and Railway 5s, 1941.....	A..	89	91	6.90
Nashville Railway & Light 5s, 1933.....	B..	97 $\frac{1}{4}$	99	6.07

Telephone and Telegraph Companies

Chesapeake & Potomac Tel. Co. (Va.) 1st 5s, 1943.....	A..	99	100	5.00
Cuban Telephone Co., 1st & Ref. 7 $\frac{1}{4}$ s.....	B..	106	107	6.75
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936.....	A..	98	101	4.88
Ohio State Telephone Co. Ref. 5s, 1944.....	A..	100	101	4.91
Southern California Telephone 1st & Ref. 5s, 1947.....	A..	99	99 $\frac{1}{4}$	5.05

Yield computed at the asked price.

Unlisted public utility bonds rose in price during February, and yields were on the average the lowest seen in this class of securities. Owing to the sharp stock market break at the beginning of March, there was much forced selling of these bonds, and liberal offerings cancelled many of the month's gains. New issues were not so abundant, except for the impressive Conowingo offering of 36 millions by the Philadelphia Electric Power Co. No definite mergers have been announced this month, but rumor links United Gas Improvement and Public Service of New Jersey. As mergers seem temporarily out of fashion, they will not occupy the centre of the unlisted bond market as they did in 1925.

(Continued from page 959)

made attractive for investment, and, hence, that preferred stocks rather than bonds will supply most of new capital.

At recent price of 130 to yield 6.15%, common stock is not out of line with earning power, and experience indicates that additional senior financing will, if anything, place it in a more favorable position. However, a better opportunity for purchase at a more advantageous figure will probably be afforded later on and the investor should wait for this opportunity.

Important Dividend Announcements

NO changes of importance have taken place in the dividend announcements during the past two weeks. It is increasingly evident—now that the new year is well under way—that many companies intend to take little or no action regarding increased outlays to stockholders. Hudson Motor directors apparently are biding their time. Although a larger disbursement was expected, the persons who pilot the affairs of Hudson again disappointed by maintaining the customary rate of \$3. Montana Power came to the fore by putting its common stock on a \$5 annual basis.

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Ann'l Rate	Amount Declared	Stock Record	Pay- able
\$6 Adams Express	....\$1.50	Q	3-15 3-31
\$3 Advance Rum. pf.	....\$0.75	Q	3-15 4-1
7% Allied Chem. pf.	....1¼%	Q	3-15 4-1
\$1.60 Am. Bank Note cm.	....\$0.40	Q	3-15 4-1
\$7 Am. Can pf.	....\$1.75	Q	3-15 4-1
\$6 Am. Car & Fdy. cm.	....\$1.50	Q	3-15 4-1
\$7 Am. Car & Fdy. pf.	....\$1.75	Q	3-15 4-1
\$2 Am. Chain "A"	....\$0.50	Q	3-20 4-1
7% Am. Linseed pf.	....1¼%	Q	3-19 4-1
\$8 Am. Loco. cm.	....\$2.00	Q	3-12 3-31
\$7 Am. Loco. pf.	....\$1.75	Q	3-12 3-31
\$9 Am. Tel. & Tel.	....\$2.25	Q	3-15 4-15
\$3 Bangor & Arst'h cm.	....\$0.75	Q	3-13 4-1
\$4 Brooklyn U. Gas	....\$1.00	Q	3-12 4-1
\$3 Burr Add. Mach.	....\$0.75	Q	3-15 3-31
7% Case Thresh. pf.	....1¼%	Q	3-15 4-1
\$4 Cert-teed Prod. cm.	....\$1.00	Q	3-15 4-1
\$4 Chic. Yell. Cab.	....\$0.33¼	M	3-20 4-1
\$7 Coca-Cola cm.	....\$1.75	Q	3-15 4-1
\$3.60 Com'l Inv. Tr. cm.	....\$0.90	Q	3-15 4-1
\$4 Com'l Solvents "A"	....\$1.00	Q	3-19 4-1
\$7 Continental Can pf.	....\$1.75	Q	3-20 4-1
\$4 Coty, Inc.	....\$1.00	Q	3-19 3-31
\$7 Crucible Steel pf.	....\$1.75	Q	3-15 3-31
\$3 Detroit Edison	....\$2.00	Q	3-15 4-20
\$5 Endicott-John. cm.	....\$1.25	Q	3-17 4-1
\$7 Endicott-John. pf.	....\$1.75	Q	3-17 4-1
\$3 Fair-Morse cm.	....\$0.75	Q	3-15 3-31
\$8 Famous Players cm.	....\$0.20	Q	3-15 4-1
\$1.80 Fed. Lt. & Trac. cm.	....\$0.20	Q	3-15 4-1
Stock Fed. Lt. & Trac. cm.	....\$0.15	Q	3-15 4-1
\$2½ Gab. Snubber	....\$0.62½	Q	3-15 4-1
— Gab. Snubber	....\$0.62½	Ext	3-15 4-1
\$2 Glidden Co. cm.	....\$0.50	Q	3-20 4-1
\$8 Gt. Western Sug. cm.	....\$2.00	Q	3-15 4-2
\$6 G. Mobile & N. pf.	....\$1.50	Q	3-15 4-1
\$5 Gulf States Stl. cm.	....\$1.25	Q	3-15 4-1
\$3 Hudson Motor	....\$0.75	Q	3-15 4-1
\$2 Imp. Copper	....\$0.50	Q	3-15 4-5
Int. Bus. Mach. new	....\$0.75	Init	3-23 4-10
\$4 Int'l Cement	....\$1.00	Q	3-15 3-31
\$6 Int'l Shoe cm.	....\$1.50	Q	3-15 4-1
\$1.20 Kresge (S.S.) new	....\$0.30	Q	3-15 3-31
7% Liggett & Myers pf.1¼%	Q	3-15 4-1
\$2 Ludlum Steel\$0.50	Q	3-22 4-1
\$6 Mack Trucks\$1.50	Q	3-15 3-31
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\$3 Owens Bottle cm.\$0.75	Q	3-15 4-1
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\$3 Phillips Pete.\$0.75	Q	3-15 4-1
Ry. St'l Spgs. new\$1.00	Init	3-15 3-31
\$3 Reid Ice Cream cm.\$0.75	Q	3-20 3-31
\$5 Stand. Milling cm.	....\$1.25	Q	3-19 3-31
\$2 Symington "A"	....\$0.50	Q	3-15 4-1
\$1½ Tide Water Oil\$0.37½	Q	3-18 3-31
7% Ward Baking pf.1¼%	Q	3-15 4-1
\$4 Weber & Heil. cm.\$1.00	Q	3-15 3-30
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\$4 Young, Sh. & T. cm.\$1.00	Q	3-15 3-31

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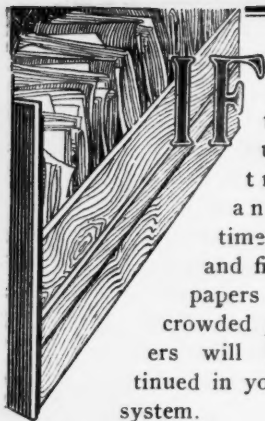
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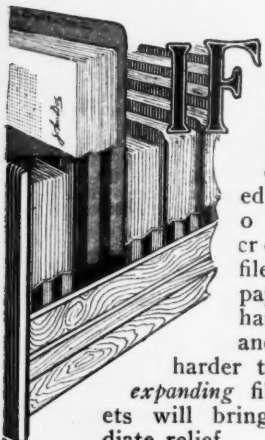
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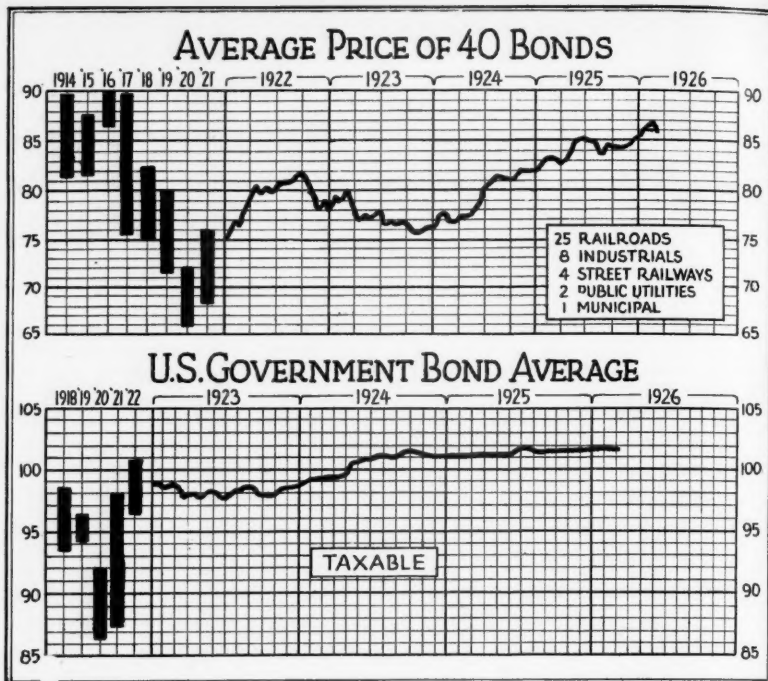
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MARKET STATISTICS

	N. Y. Times			50 Stocks		Sales
	40 Bonds	20 Indus.	20 Rails	High	Low	
Thursday, Feb. 18..	87.03	161.09	110.60	137.09	135.74	1,359,452
Friday, Feb. 19....	87.06	160.92	111.20	137.38	135.59	1,443,168
Saturday, Feb. 20..	87.08	160.93	111.22	137.27	136.41	683,910
Monday, Feb. 22..	HOLIDAY			HOLIDAY		
Tuesday, Feb. 23...	87.03	158.83	109.70	137.18	135.07	1,525,460
Wednesday, Feb. 24	86.96	158.55	109.91	136.31	134.12	1,882,172
Thursday, Feb. 25.	86.84	156.54	109.23	135.41	133.24	1,663,318
Friday, Feb. 26....	86.75	154.68	107.68	133.83	130.91	2,341,255
Saturday, Feb. 27..	86.70	154.45	107.96	132.48	129.67	947,516
Monday, Mar. 1....	86.54	150.98	107.15	131.00	127.31	2,465,200
Tuesday, Mar. 2....	86.35	147.06	105.42	128.63	124.11	3,031,173
Wednesday, Mar. 3.	85.97	144.44	103.20	125.72	120.98	3,786,111

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(Continued from page 932)

the cost of making pig iron may be reduced; offerings of foreign iron is another factor that tends to force the price of the domestic product lower. In that event, the general price structure prevailing through the iron and steel industry would be lower but the margin of profit on the manufacture of fabricated steel would not be changed materially.

No doubt, the expectancy of some such future development has kept buyers out of the market. There is some tendency of jobbers to stock up for the coming open season but not at any large extent. The oil fields are using more steel and are placing inquiries that suggest large business from this source this spring. The automobile makers are still good customers at the moment but their business cannot be depended upon to hold up at this rate throughout the year.

METALS

Market Turns Dull

Copper, which appeared to be just about on the point of showing a substantial price advance several times since the start of the year, closed the second month at a fraction above 14 cents in a dull market. Other non-ferrous metals have been moving in a listless manner and with no great showing of firmness in the past weeks. Underlying this apparent weakness, however, metals are fundamentally in a strong position. Consumption has been good, and, especially in the United States, there is every reason to believe that the demand this year will run ahead of last. Foreign buying, which has been the fly in the ointment ever since the start of the winter, is no better now but is expected to pick up soon.

The large producers are beginning to realize that there is no reason why they must content themselves with present prices in view of the large demand for metals. They have discovered that they can always dispose of large quantities of metals by shading prices, indicating that a demand for metal exists although the buyers are not forced to fill immediate requirements and are capitalizing their situation by resisting advances as well as attempting to force price concessions on every hand. No doubt corrective measures will be resorted to in the near future. As a matter of fact, tangible evidence that such measures have already been undertaken is shown by the action of some of the largest producers recently in cutting down the output at the mines. Another indication of the fact that the chief fault with metals lies in the distributing

MARCH 13, 1926

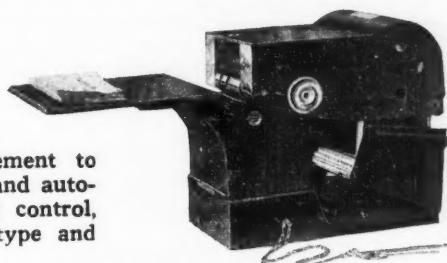
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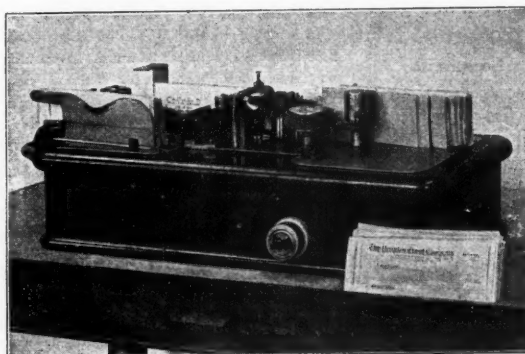
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methods employed at present is the persistent talk of reviving some form of co-operative export marketing machinery. Although the immediate trend is uncertain further declines are unlikely.

PETROLEUM

Production Declines Checked

After a steady decline in production that has extended over nine months, the larger average output at the wells, that has resulted from early renewal of drilling activity this year, indicates that the decline has been checked. The low point in the daily average production of around 1.9 million barrels was reached at the beginning of February. The increased production since that time has been contributed from practically every important field in the United States, with the exception of the

settled districts in the East and the more or less erratic fields in Arkansas. Light oil production has shown a similar trend to the total of all production.

It is interesting to note that the larger companies are maintaining as conservative an attitude as possible concerning their operations in the production division. The new production that has been brought in is mostly the result of independent activity in the extension of present proven fields. These efforts to date have been about 75% successful—that is to say about three quarters of the new wells at the extension of existing producing fields have brought in commercially valuable production of either oil or gas. In spite of this successful record, however, it is doubtful if petroleum production will take a sharp upturn for the next few months at least. Crude prices continue to hold very firm; further advances are in sight but not for the immediate future. Refined products, especially gasoline are being held off the market in the expectancy of being sold at a higher price later in the year.

Commodities Section

Cotton — Wheat — Corn

COTTON Two weeks of downward tendency brought cotton to new low levels this season, until the need of taking up current month delivery began to make itself felt as March 10th neared. Hence there was a brisk demand for the current month, or if delivery later was preferred, for the May option. As a result, March closed at 19.29 and May at 18.73. The later options found few friends as uncertainty on the 1926-27 crop has not yet been removed. It appears that the soil has plenty of moisture, and fertilizer purchases indicate heavy planting. But the weevil menace warning has not been neglected and many in the trade are awaiting the spring before making commitments. At 17.05, December is not in much demand, and the discount shows that bearish sentiment has it all its own way. This price is equivalent to about 11 cents according to pre-war level of prices, and shows that cotton is once more the world's cheapest textile. World spinner's takings were, therefore, the largest in history for this last crop, and ought to be far greater this year, if anything like present price level is maintained. Fundamentals are bullish, but technical situations, such as excessive visible supply, into sight movement, stagnation of European demand, and possible large crop, make the path of the bull thorny. Nevertheless we feel that the distant options will see higher levels this spring, as crop news becomes more definite.

WHEAT Wheat showed a clean pair of heels to the bulls, and gyrated downwards rapidly for ten days. After hysterical declines, a war-

ranted reaction set in, and May is back to 1.56, July to 1.41 and September to 1.35. Some of the levels touched in the decline had been the lowest in several years. Undoubtedly, the fact that colossal world production of 1925 has made it impossible to market the Canadian surplus at favorable prices remains the governing bearish factor. Coupled with the excessive world production of rye, the European alternative to wheat, the threat of a large carry-over has discouraged the bulls. But with September at \$1.35, all of this pessimism seems to have been accepted at more than face value. Granted a carry-over, it would not follow that such a price would be justified unless world crop history of 1925 is to be substantially duplicated. Once doubt as to this enters, September will appear undervalued.

CORN Strictly, the market in corn remains a cash market, with the later options dependent on the cash position. Low grade corn has been filling the elevators, and as its keeping qualities are poor, speculation turns on the speed with which these accumulated stores can be turned out of the elevators. Hence corn has tended upwards slightly, July making the principal gain, to 82.75 cents. Cash grain is holding around 70 cents.

Bear operators are making much of the fact that the supply of hogs is 85% of normal whereas the supply of corn is 102% of normal. Statisticians, however, are well aware that such a ratio is not an important index of future corn prices.

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Name and Dividend	High	Low	Recent Price	Name and Dividend	High	Low	Recent Price
Amer. Gas & Elec. (1)....	99%	64	71	Lion Oil & Refining (2)...	25%	23%	24
Amer. Super Power A (1.5) 37%		22	23	Metro Chain Stores.....	50%	40	40
Amer. Super Power B (1.5) 39		22½	23½	Mountain Producers (2)...	26	23%	24
Centrif. Pipe (1)	27	18½	19	New Mex. & Arizona Land 17		12	12
Cities Service new (1.2) ..	42%	37½	40%	Nipissing Mining (60c)....	7%	5%	6%
Cities Service Pfd. (6)....	84	83½	83½	Northern Ohio Power.....	26%	15%	15%
Continental Baking B....	30½	15	15%	Pacific Steel Boiler.....	16%	12½	12½
Continental Bak. Pfd. (8)...	101	92½	92½	Reo Motor (80c).....	25%	21%	22
Curtiss Aero	23%	18	19	Rickenbacker Motor	9%	5%	6%
Curtiss Aero Pfd. (5)....	89½	80	80	Salt Creek Producers (80c) 36		29	29
Devoe & Reynolds B (2.4)...	101½	35	35	Servel Corporation A.....	30%	20%	22%
Durant Motors	13%	9½	9½	Southeast Pwr. & Lt. new	46%	20	25%
Elect. Bond & Share (1)...	86	65	65%	Southern Dairies A (4)....	57	44	46
Electric Investors	74½	41%	44%	Southern Dairies B.....	39%	26%	28%
Electric Refrigerator.....	90%	59½	62%	Stutz Motors	37%	23%	23%
Ford Motor of Canada (20)...	629	605	605	Trans Lux	14	8	9
General Baking A (5)....	79%	58%	60	Tobacco Products Export... 4%		4%	4%
General Baking B.....	17%	8½	8½	Tubez Artif. Silk.....	240	200	205
General Ice Cream (2)....	56%	47%	47½	Victor Talking Machine... 97%		77%	80
Gillette Safety Razor (3)...	114	97	97½				
Glen Alden Coal (7).....	168	138½	148				
Goodyear Tire & Rubber... 38%		32%	32%				
Gulf Oil (1.5).....	93%	83	83½				
Happiness Candy Store (50c) 8%		7	7				
Hecla Mining (1)	18%	17	17½				
Horn & Hardart	62%	41	45				
International Utilities B... 9%		5	5%				
Lago Oil & Transport.....	25%	17½	17%				
Lago Petroleum	13	9	9½				
Land Co. of Florida.....	47%	28	28				

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Continental Oil (1).....	25%	20%	20%
Humble Oil (1.2).....	99%	82%	82%
International Pet. (50c)...	35%	28%	29%
Ohio Oil (2)	67%	59%	59%
Prairie Oil & Gas.....	60%	53%	53%
Standard Oil of Ind. (2.5) 70%		61%	61%
Standard Oil of N. Y. (1.4) 47%		32%	32%
Vacuum Oil (2)	109%	94%	94%

*Dividends quoted dollars per share, March 3.

ONE of the most significant sessions in the history of the New York Curb Market occurred on the first day in the recent series of drastic slumps that carried security prices down with no regard to intrinsic value. Traders now reflecting on this session recall that on the "big board" the selling wave did not hit the floor of the exchange until the afternoon and was preceded by a bear raid of violent intensity on the public utility section of the Curb. Lack of support in this end of the list resulted in a spectacular break in prices and many of the utilities under pressure fell a point at a time between sales.

Some effort to support the falling utility stocks was made but without appreciable result and holders, who saw their paper profits disappearing rapidly, threw their shares on the market giving added impetus to the decline. From this start, the selling spread through the list and created a situation on the floor of the Curb that had all the earmarks of a momentary panic. The sales during this exciting session were close to a million shares, a new record in the history of the Curb up to this time. Whether the selling represented real liquidation by panicky holders of utility shares or whether it was mainly short selling for speculative accounts is still a debatable issue. At any rate, it is recorded that the most drastic decline

in security values since the war in all securities markets was precipitated on the floor of the New York Curb Market.

The inflated values of many of the public utility stocks on the Curb was viewed with apprehension for a long time following a series of spectacular advances and this section of the list proved a most vulnerable spot when the belated profit taking speculators ran into a decided paucity of buyers to take their stocks off their hands at the prevailing levels. The Curb as an incubator of new issues, some of which have been offered at a generous valuation, was a logical place to look for the break in prices to crystallize. Most of the so-called "green issues," however, had been well distributed prior to the break in prices and consequently could only be considered a contributing factor of minor importance.

A selling wave of this kind is not usually accompanied with any sense of discrimination and seasoned issues are carried down with no regard for merit or intrinsic investment values. It is at such time that the discriminating investor can add to his list of holdings with a distinct advantage. Among the list of approximately 300 securities listed on the Curb are a number of securities of this type which have been and will continue to be called to the attention of our readers in this department.

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Profits actually realized on 100 share trades	\$36,450.00
Losses incurred on a few losing trades	4,800.00
Net profits without deducting commissions, tax or interest . .	<u>\$31,650.00</u>
Cost of this service for a full year equal to $1\frac{5}{8}\%$ of the profit realized, or	\$500.00

But this is not the whole story. The rest of positive advice to sell these. We advised each subscriber which of his stocks to sell. This is the facts are these:

Before the biggest break in years, which occurred between 2 and 3 P. M., Monday, March 1st, our Associate Members, on our fast-wire advice, were out of all the stocks which we had definitely recommended and in which the above net profits were secured. They were also specifically advised (while the market was somewhat under the extreme high levels), to close out all the highly speculative and vulnerable securities which they had bought on their own judgment. We gave

the way our individual service operates.

Therefore, when the panicky breaks of March 1st, 2nd and 3rd occurred, our Members were standing ready with the cash with which to repurchase the numerous great bargains that were then offered.

By 3 P. M., Thursday, March 4th, these purchases, none of which was more than 48 hours old, showed profits ranging from one to seven points.

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"How I Licked Wretched Old Age at 63"

"I Quit Getting up Nights—Banished Foot and Leg Pains . . . Got Rid of Rheumatic Pains and Constipation . . . Ended Embarrassing Health Failures . . . Found New Youthful Vigor"

At 61, I thought I was through. I blamed old age, but it never occurred to me to actually fight back. I was only half living, getting up nights . . . embarrassed in my own home . . . constipated . . . constantly tormented by aches and pains. At 62 my condition became almost intolerable. I had about given up hope when a doctor recommended my treatment. Then at 63, it seemed that I shook off 20 years almost overnight."

Forty—The Danger Age

These are the facts, just as I learned them. In 65% of all men, the vital prostate gland slows up soon after 40. No pain is experienced, but as this distressing condition continues, sciatica, backache, severe bladder weakness, constipation, etc., often develop.

Prostate Trouble

These are frequently the signs of prostate trouble. Now thousands suffer these handicaps needlessly. For a prominent American Scientist after seven years of research, discovered a new, safe way to stimulate the prostate gland to normal health and activity. This new home hygiene is called one of the outstanding contributions of the age.

A National Institution for Men Past 40

Its success has been startling, its growth rapid. This new hygiene has spread over the country. The institution in Steubenville has now reached national prominence. A new building was required to care for the scores, and even hundreds of letters pouring in every day. Already in thousands of cases reported results have been nothing short of amazing. In case after case, men have reported that they have felt ten years younger in six days. Now physicians in every part of the country are using and recommending this treatment.



Quick as is the response to this new hygiene, it is actually a pleasant, natural relaxation, involving no drugs, medicine, or electric rays whatever. The scientist explains this discovery and tells why many men are old at forty in a new book now sent free in 24-page, illustrated form. Send for it. Every man past forty should know the true meaning of those frank facts. No cost or obligation is incurred. But act at once before this free edition is exhausted. Simply fill in your name below, tear off and mail.

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970

Important Corporation Meetings

Company	Specification	Date of Meeting
Ahumada Lead	Annual	3-15
American Light & Traction	Annual	3-15
Colorado Fuel & Iron	Annual	3-15
Intertype Corp.	Annual	3-15
Ludlum Steel	Annual	3-15
Warner (Chas.) Co.	Pfd. & Com. Divs.	3-15
American Bank Note	Annual	3-16
Atlas Powder	Annual	3-16
Barnsdall Corp.	Annual	3-16
Beech-Nut Packing	Annual	3-16
International Nickel	Annual	3-16
Kelly-Springfield	Directors	3-16
Telaugraph Corp.	Annual	3-16
Texas Co.	Annual	3-16
Union Carbide & Carbon	Annual	3-16
Warren Bros.	Annual	3-16
American Type Found.	Pfd. & Com. Divs.	3-17
Austin Nichols	Pfd. Div.	3-17
Bayuk Cigars	Directors	3-17
Consolidation Coal	Annual	3-17
General Gas & Elec.	Annual	3-17
Otis Elevator	Pfd. & Com. Divs.	3-17
Republic Iron & Steel	Annual	3-17
Texas & Pacific Ry.	Annual	3-17
U. S. Distributing	Annual	3-17
Western Maryland Ry.	Annual	3-17
Adams Express	Dividend	3-18
American Steel Foundries.	Annual	3-18
Century Ribbon Mills.	Annual	3-18
International Harvester	Directors	3-18
Jones Bros. Tea	Directors	3-18
U. S. Industrial Alcohol	Pfd. Div.	3-18
Armour & Co.	Directors	3-19
Bangor & Aroostook	Directors	3-19
White Motors	Special	3-19
United Alloy Steel	Directors	3-20
California Pete	Annual	3-22
National Tea	Annual	3-22
Philadelphia Co.	Annual	3-22
Union Oil of Cal.	Directors	3-22
American Ice Co.	Pfd. & Com. Divs.	3-23
Amer. Safety Razor	Directors	3-23
Amer. Woolen Co.	Annual	3-23
Anaconda Copper	Directors	3-23
Atlas Powder Co.	Pfd. Div.	3-23
Corn Products Ref.	Annual	3-23
Electric Auto-lite Co.	Annual	3-23
Gabriel Mfg.	Directors	3-23
Hayes Wheel	Annual	3-23
International Shoe	Directors	3-23
Maytag Co.	Adjourned Annual	3-23
Public Service of N. J.	Directors	3-23
Worthington Pump & Mach.	Annual	3-23

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Synopsis of Annual Report

The Baltimore and Ohio Railroad Company

Calendar Year 1925

Baltimore, Md., February 24, 1926

To the Stockholders of the Baltimore and Ohio Railroad Company:

In order that you may be advised as promptly as possible of the results of the operations of your property for the year ended December 31, 1925, the President and Board of Directors submit herewith statement showing the Income Account for the year, compared with 1924, together with a Condensed Balance Sheet as of December 31, 1925.

The customary annual report will be prepared and forwarded later to those stockholders who indicate to the Secretary of the Company their desire to receive the same.

The operations of the year have reflected the continued general business activity and the more extended resumption of coal production in the territory directly served by your Company.

The net income for the year available for dividends and other corporate purposes was \$20,793,508, an increase of \$4,473,818 over 1924.

After paying 4 per cent. dividend upon the preferred stock there remained \$18,438,981, equal to \$12.14 per share on the common capital stock, upon which dividends at the rate of 5 per cent. were declared and paid.

The total accumulated surplus of the Company at December 31, 1925, was \$67,672,879.

The program for rehabilitating the Company's equipment was continued throughout the year. Three passenger cars, and 8,503 freight and work cars, no longer suitable for efficient operation, were retired from service. Two thousand two hundred and ninety-five freight cars were thoroughly rebuilt. Ninety-six new all-steel passenger cars and 5,385 new freight cars were purchased. Orders were placed for car equipment for delivery early in 1926, as follows: Eighty-three pieces of all-steel passenger car equipment, including coaches, baggage, postal, dining and express cars, 4,000 steel box cars, and 3,000 all-steel hopper cars.

Fourteen passenger engines were rebuilt and modernized, and 8 Mikado type engines were rebuilt in the Company's shops and converted to Pacific type for heavy passenger service. Forty-six heavy freight locomotives were thoroughly rebuilt and converted into more efficient type, and 74 Consolidation engines were rebuilt and converted into heavy switch engines. One hundred and thirty-seven engines which had become obsolete in type were retired from the service. Fifty heavy freight locomotives have been ordered for delivery early in 1926.

The results from the operation of the "Capitol Limited" trains between New York, Washington and Chicago seemed to justify the installation of similar high-class passenger service through the "National Limited" operating between New York, Philadelphia, Baltimore, Washington and St. Louis, and the "Detroit-Washington Limited" between Washington and Detroit. Increased long distance travel incident to the improved service has offset in substantial part the loss of short-haul business due to the automobile and motor bus competition.

There was an increase in the average distance passengers traveled in 1925, compared with 1924, of 11.6 per cent., so that notwithstanding a total decrease of 12.78 per cent. in passengers carried, the passengers carried one mile decreased but 2.67 per cent. and passenger revenue but 3.94 per cent.

The tons of revenue freight moved during the year increased 11.22 per cent. compared with 1924, and the revenue ton miles increased 10.99 per cent. The total freight revenue increased 7.43 per cent.

The average train load was 849 tons, an increase of 65 tons over 1924, while the speed of freight trains increased 3 per cent. per hour.

From each dollar of earnings during the year the Company expended for maintenance 34.37 cents, as compared with

33.57 cents in 1924, but owing to a reduction in transportation expenses from 38.03 cents to 35.62 cents the total operating expenses consumed but 75.40 cents out of each dollar of earnings in 1925, as compared with 77.01 cents in 1924.

The property was in good physical condition at the end of the year.

The Company had funded debt, other than equipment trusts, maturing in 1925 aggregating approximately \$132,000,000. These maturities were, in part, anticipated or provided for through refinancing in 1924 or early in 1925. All of the obligations of the Company maturing in 1925 having been taken care of, the Company has now no large maturities to meet during the next several years. The Company was fortunate in being able to accomplish this large amount of refinancing upon favorable terms during a period of comparatively easy money. With the refinancing now completed, the average rate of interest upon the Company's long time debt becomes 4.75 per cent., an increase of something less than one-half of one per cent.

During the year the Management took occasion to commend the Baltimore and Ohio service to the shareholders and sought their cooperation in its efforts to secure a greater proportion of the business moving to and from the territory served by your Company. The response was most gratifying and helpful, and it is hoped this cooperation will be continued and extended where opportunity offers.

The conditions of business generally throughout the country, and particularly in the territory served by the Baltimore and Ohio, appear sound, and the outlook is encouraging at this time.

(Signed) DANIEL WILLARD,
President

THE BALTIMORE AND OHIO RAILROAD COMPANY

INCOME ACCOUNT

	1925	1924	Increase or Decrease	%
Revenue from freight transportation	\$193,558,361	\$180,179,357	\$13,379,004	7.43
Revenue from passenger transportation	27,904,665	29,047,718	*1,143,053	*3.94
Revenue from mail, express and other transportation service	16,083,914	15,091,720	992,194	6.57
Total Railway Operating Revenues	\$237,546,940	\$224,318,795	\$13,228,145	5.90
Maintenance of Way and Structures	\$28,440,416	\$26,638,363	\$1,802,053	6.76
Maintenance of Equipment	53,206,661	48,659,304	4,547,357	9.34
Traffic	4,551,082	4,242,473	308,609	7.27
Transportation	84,621,877	85,313,755	*691,878	*0.81
General	6,210,388	6,169,512	40,876	0.66
Miscellaneous	2,069,173	1,729,025	340,148	19.67
Total Railway Operating Expenses	\$179,099,597	\$172,752,632	\$6,346,965	3.67
Transportation Ratio	35.62%	38.03%	*2.41%	...
Total Operating Ratio	75.40%	77.01%	*1.61%	...
Net Revenue from Railway Operations	\$58,447,343	\$51,566,163	\$6,881,180	13.34
Taxes	\$10,064,868	\$9,548,086	\$516,782	5.41
Equipment and Joint Facility Rents	5,348,388	3,933,753	1,414,635	35.96
Total Charges to Net Revenues	\$15,413,256	\$13,481,839	\$1,931,417	14.33
Net Railway Operating Income, as defined in the Transportation Act of 1920	\$43,034,087	\$38,084,324	\$4,949,763	13.00
Other Income—Rents, Dividends on Stock and Interest on Bonds owned	6,237,801	5,657,290	580,511	10.26
Total Income from all sources	\$49,271,888	\$43,741,614	\$5,530,274	12.64
Interest	\$26,642,481	\$25,141,409	\$1,501,072	5.97
All Other Deductions	1,835,899	2,280,515	*444,616	*19.50
Total Deductions	\$28,478,380	\$27,421,924	\$1,056,456	3.85
Balance available for dividends and other corporate purposes	\$20,793,508	\$16,319,690	\$4,473,818	27.41
Dividends declared were:				
Preferred Stock—4%	\$2,354,527	\$2,354,527	—	—
Common Stock—5%	7,597,270	7,597,337	*\$67	...
Total Dividends	\$9,951,797	\$9,951,864	*\$67	...
Leaving a Surplus of	\$10,841,711	\$6,367,826	\$4,473,885	70.26

STATISTICS

Revenue Passengers Carried	14,745,684	16,907,215	*2,161,531	*12.78
Revenue Passenger Miles	878,441,702	902,528,153	*24,086,451	*2.67
Average Miles per Passenger	59.57	53.38	6.19	11.60
Average Rate per Passenger Mile (cents)	3.177	3.218	*.041	*1.27
Tons of Revenue Freight	104,637,773	94,078,116	10,559,657	11.22
Revenue Ton Miles	19,459,442,692	17,532,964,820	1,926,477,872	10.99

STATISTICS—(Continued)

Average Miles per Ton	185.97	186.37	*0.40	*0.21
Average Rate per Ton Mile (mills)	9.95	10.28	*0.33	*3.21
Revenue Tons per Train Mile	848.68	784.12	64.56	8.23
Train Miles per Train Hour	10.30	10.00	0.30	3.00

THE BALTIMORE AND OHIO RAILROAD COMPANY

Condensed Balance Sheet—December 31, 1925

ASSETS

Investment in property used in Transportation Service	\$788,218,839
Road	\$580,525,252
Equipment	207,693,587
Investment in Separately Operated Companies, including Miscellaneous	53,760,388
Investment in Sinking Funds and Deposits account Property Sold	107,879
Investment in Other Companies	23,746,215
Total Investments	\$865,833,321
Current Assets	57,901,680
Cash	\$16,996,046
Other	40,905,634
Deferred Assets	3,606,217
Total Assets	\$927,341,218

LIABILITIES

Capital Stock Outstanding	\$210,808,535
Preferred	\$58,863,181
Common	151,945,354
Long Term Debt	554,352,888
Equipment Obligations	\$57,350,736
Mortgages and Capitalized Leaseholds	497,002,152
Current Liabilities—Traffic and Car Service Balances, Accounts and Wages Payable, Interest and Dividends Matured and Unpaid, Unmatured Dividends Declared, and Other Current Liabilities	28,391,057
Liability for Provident Funds and Other Deferred Items	5,229,930
Accrued Depreciation—Equipment	51,120,384
Reserve for Taxes, Insurance and Operation	9,765,545
Surplus	67,672,879
Total Liabilities	\$927,341,218

ROAD OPERATED AND EQUIPMENT

Total Miles of Road Operated	5,294
Total Miles of All Track Operated	10,507
Locomotives	2,448
Electric	11
Passenger Cars	2,459
Freight Cars	1,520
Tugs, Barges and Other Boats	97,647
Work Equipment	179
	2,573

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TEN PROMISING COMMON STOCKS OF COMPANIES STRONG IN WORKING CAPITAL

(Continued from page 913)

December 31, 1924, Armour's working capital was restored to 144.09 million dollars, inventories and receivables were cut to reasonable proportions and bank loans brought down to 37.27 millions compared with 148.91 millions at the peak level.

Although bonded debt totals approximately 142.54 million dollars, the company has no early maturities. The strong financial condition is an assurance of ability to cope with the keener competition that prevails in the packing industry under present day conditions. Profit margins in this industry are normally small, so that the meat packers must depend upon a rapid turnover of inventories and large volume of sales.

Armour & Co. has succeeded in retaining its full share of the packing business, aided by the acquisition of Morris & Co. in 1923. Earnings available for the Class A \$25 par value common stock amounted to \$4.52 a share in 1924. Net for 1925 is expected to show a balance of approximately \$5 a share, indicating that the present \$2 dividend on the "A" stock is well secured.

Selling around 24 to yield 8.3%, this issue is an attractive speculation.

360,000 Shares

COLDAK CORPORATION

(A Delaware Corporation)

Class "A" Stock

Fully Paid and Non-assessable. Exempt from Normal Federal Income Tax. Has priority over Class "B" Stock as to both Assets and Dividends. Entitled to Cumulative Preferential Dividends. Participating and Non-callable.

CAPITALIZATION

(Upon Completion of this Financing)

	Authorized	Outstanding not exceeding
Class "A" Stock	500,000 Shares	360,000 Shares
Class "B" Stock	500,000 Shares	360,000 Shares

TRANSFER AGENT:

REGISTRAR:

Chatham Phenix National Bank and Trust Company, New York The Equitable Trust Company of New York

The Class "A" Stock shall be entitled to cumulative and preferential dividends at the rate of \$.75 per share per annum, when and as declared, before any dividends are paid on Class "B" Stock. After said preferential cumulative dividends on Class "A" Stock have been paid, such dividends may be paid on Class "B" Stock as the Directors may determine, not exceeding the rate of \$.75 per share per annum, non-cumulative. Any further dividends shall be paid at the same rate per share on Class "A" and Class "B" Stock. The number of outstanding shares of Class "B" Stock shall not at any time exceed the outstanding shares of Class "A" Stock. The Class "A" Stock, without par value, shall be entitled in liquidation or dissolution to \$12.50 per share and accumulated dividends. After this prior payment, Class "B" Stock, also without par value, shall be entitled in liquidation or dissolution to \$12.50 per share. The remaining assets shall be divided equally per share among holders of the Class "A" and Class "B" Stock. All voting powers are vested in the Class "B" Stock, except that upon default for fifteen months in the payment of any dividend upon the Class "A" Stock, the exclusive voting power is vested in the Class "A" Stock until all cumulative dividends on the Class "A" Stock shall have been earned and paid, after which the exclusive voting power shall be again vested in the Class "B" Stock.

We quote from the letter of Mr. C. M. Burnhome, Vice-President of the Coldak Corporation, addressed to us dated February 11, 1926, as follows:

Product: "The Coldak Corporation produces and sells automatic electrical refrigerating machines for domestic and commercial uses, under the trade name COLDAK. The household unit can be installed in connection with any ice-box. It is the only machine that has satisfactorily been developed for multiple distribution of refrigeration in apartment houses. Twenty refrigerators can be cooled by a single machine. Apartment houses of 120 suites have been equipped with this system of refrigeration. For the commercial field, the Corporation also has developed an exclusive multi-temperature system by which desired different temperatures can be delivered to different refrigeration compartments by a single machine.

The COLDAK unit is pronounced a perfected product by engineers who have spent years of study of electrical refrigeration. It has no vibration and uses a harmless, inert and odorless refrigerant. There are COLDAK units, which have been in operation for over three years, where no service attention has been required. This is accomplished by the simplicity of its design which eliminates wearing and complicated parts and objectionable noise. Ophuls & Hill, the foremost refrigerating engineers in the country, say in regard to the COLDAK unit, that the electrical current consumption is less than other well known machines on the market of corresponding capacity.

Market: Reliable studies of the market show that approximately 116,000 automatic electrical refrigerating machines are in use at the present time, of which 70% were sold in the last two years and that the future demand for household use will be almost unlimited. For apartment houses, the multiple distribution of refrigeration, as developed by COLDAK, has opened a field which will give a large and increasing volume of business. Electrical refrigeration will undoubtedly be included as standard equipment in the better class of apartments, as are gas or electric ranges, ice chest and kitchen cabinet. The commercial field offers a large market with grocery, drug and delicatessen stores, butcher shops, soda fountains, confectioneries, restaurants, florists, dairies, etc.

Public Service Corporations, whose fields of operation are widely spread throughout the United States, have stated that as soon as produced in sufficient quantities they will adopt the COLDAK unit for sale and put on aggressive selling campaigns in all territories in which they do business.

Management: The Corporation will be under the administration and direct supervision of The J. G. White Management Corporation, Managers of Public Utilities and Industrials, and Mr. John H. Pardee, its President, is the President and Chairman of the Board of the Coldak Corporation. The Board of Directors will include the following: John H. Pardee, President J. G. White Management Corporation; J. I. Mange, President Associated Gas & Electric Company; R. P. Stevens, President Republic Railway & Light Company; C. M. Burnhome, Vice-President Coldak Corporation; A. P. de Saas, President Radiant Heat Corporation; R. A. Pritchard, Attorney; Hazor J. Smith, Treasurer Multicold Company; Willard Reid, President Multicold Company; Lowell Mason, of DeRidder, Mason & Minton.

Purpose of Issue: The purpose of this issue is to acquire the assets owned, used and controlled by the Multicold Company, for which 47,500 shares have been set aside, and to furnish the Coldak Corporation with additional capital to provide for an increased production of COLDAK units to fill the growing demand. On the basis of this financing, The J. G. White Management Corporation estimates that the COLDAK unit can be progressively marketed in quantities to yield a net revenue which should insure an attractive return on an investment in the Class "A" Stock.

It is the intention of the Corporation in due course to make application to list the Class "A" Stock on the New York Curb."

**We offer the unplaced balance of this stock as an attractive speculation
in what we believe will be one of the largest industries in the country**

Price \$11 per Share

All legal proceedings in connection with this financing are subject to approval by Messrs. Rabenold & Scribner, New York City, for the Bankers, and by Mr. Robert A. Pritchard, Boston, Mass., for the Company. Patent Examination by Mr. William S. Pritchard, New York City.

The above information is based on reports prepared by The J. G. White Management Corporation, Messrs. Ophuls & Hill, Refrigerating Engineers, and others. This stock is offered, subject to approval of Counsel, when, as and if issued, and accepted by us. We reserve the right to reject any and all subscriptions or to allot less than the amount applied for.

DeRidder, Mason & Minton

New York

Plimpton & Plimpton

Boston

The above information, while not guaranteed, has been obtained from sources we believe to be reliable.

Armour Dividends

The following dividends have been declared by the Directors of Armour and Company:

ARMOUR AND COMPANY ILLINOIS

Dividend of 50c a share on the Class "A" Common Stock payable April 1st, 1926, to stockholders of record, March 10th, 1926.

The usual quarterly dividend (1¼%) on the preferred stock payable April 1st, 1926, to stockholders of record, March 10th, 1926.

ARMOUR AND COMPANY DELAWARE

The usual quarterly dividend (1¼%) on the preferred stock payable April 1st, 1926, to stockholders of record, March 10th, 1926.

UNDERWOOD TYPEWRITER COMPANY

The Board of Directors of the Underwood Typewriter Company at its regular meeting held February 25th, 1926 declared the regular quarterly dividend of \$1.75 per share on the Preferred, and \$1.00 per share on the Common stock of the Company of the par value of \$25.00 each, payable April 1st, 1926, to stockholders of record March 6th, 1926.

D. W. BERGEN, Treasurer.

THE PURE OIL COMPANY COLUMBUS, OHIO

The following quarterly dividends have been declared:

5¼% Pfd. Stock..\$1.50 Per Share (1½%)
6% Pfd. Stock..\$1.50 Per Share (1½%)
8% Pfd. Stock..\$2.00 Per Share (2%)

all payable April 1, 1926, to holders of record March 10, 1926.

F. S. HEATH, Treasurer.

The Bell Telephone Company of Canada

NOTICE OF DIVIDEND

A dividend of two per cent (2%) has been declared payable on the 15th April, 1926 to shareholders of record at the close of business on the 23rd March, 1926.

W. H. BLACK, Secretary-Treasurer.
Montreal, 24th February, 1926.

THE WEST PENN ELECTRIC COMPANY

New York, N. Y., March 2, 1926.

The Board of Directors of The West Penn Electric Company has declared the quarterly dividend of \$1.75 per share on its Class A Stock for the quarter ending March 30, 1926, payable March 30, 1926, to stockholders of record at the close of business March 15, 1926.

W. K. DUNBAR, Secretary.

Monongahela West Penn Public Service Company

Fairmont, W. Va., March 2, 1926.

The Board of Directors of Monongahela West Penn Public Service Company has declared a Dividend of 43¼c per share on its 7% Preferred Stock for the quarter ending March 31, 1926, payable April 1, 1926, to stockholders of record at the close of business March 15th, 1926.

S. E. MILLER, Secretary.

Meetings

AHUMADA LEAD COMPANY

Notice of Annual Meeting

Notice is hereby given that the Annual Meeting of the Stockholders of the Ahumada Lead Company will be held at the office of the Company, Room 325, Pacific Southwest Bank Building, Colorado Street and Marengo Avenue, Pasadena, California, on Monday, the Fifteenth day of March, 1926, at eleven o'clock a.m., for the election of Directors and for the transaction of such other business as may come before the meeting, including the consideration, approval and ratification of all acts and proceedings of the Board of Directors during the past year.

The transfer books will not be closed; and only those stockholders of record at the close of business on Saturday, February 20th, 1926, will be entitled to vote at said meeting.

JOHN F. BANKERD, Secretary

Dividend

Endicott Johnson Corporation

Dividend No. 28

The Board of Directors has declared a quarterly Preferred Dividend of One Dollar Seventy-five Cents (\$1.75) per share and a Common Dividend of One Dollar Twenty-five Cents (\$1.25) per share, payable April 1st, 1926 to stockholders of record at the close of business March 17th, 1926.

Checks will be mailed by Irving Bank-Columbia Trust Company, Dividend Disbursing Agent.
March 1st, 1926.

MAURICE E. PAGE, Secretary.

INTERNATIONAL PAPER COMPANY

New York, March 3, 1926.

The Board of Directors have declared a regular quarterly dividend of one and three-quarters per cent (1¾%) on the Cumulative 7% Preferred Stock of this Company, and a regular quarterly dividend of one and one-half per cent (1½%) on the Cumulative 6% Preferred Stock of this Company, for the current quarter, payable April 15th, 1926, to holders of record at the close of business April 1st, 1926. Checks will be mailed. Transfer books will not close.

OWEN SHEPHERD, Treasurer.

LOEW'S INCORPORATED

"Theatres Everywhere"

March 5, 1926.

The Board of Directors has declared a dividend of fifty cents per share on the Capital Stock of the company, payable March 31st, 1926, to stockholders of record at the close of business on March 13th, 1926.

Checks will be mailed.

DAVID BERNSTEIN, Treasurer.

These dividend advertisers have placed this information before you to assist you in selecting worth-while securities. Invest in these corporations who believe in giving stockholders full publicity.

Dividends

Associated Gas and Electric Company

61 Broadway, New York

THE J. G. WHITE MANAGEMENT CORPORATION

Managers

Dividends

The Board of Directors of Associated Gas and Electric Company has declared the following quarterly dividends:

Original Series Preferred Stock—87½c per share plus the extra dividend of 12½c heretofore declared, or \$1.00 in all, payable on April 1, 1926, to stockholders of record March 10, 1926.

\$7 Dividend Series Preferred Stock—\$1.75 per share, payable April 1, 1926, to stockholders of record March 10, 1926.

Provision was also made for stock dividends, in lieu of the cash dividends, at the rate of 4/100ths of a share of Class A Stock for each share of Original Series Preferred Stock, and 6.75/100ths of a share of Class A Stock for each share of \$7 Dividend Series Preferred Stock. On the basis of \$29 per share for the Class A Stock this is at the annual rate of \$4.64 per share for the Original Series Preferred Stock and \$7.50 per share for the \$7 Dividend Series Preferred Stock.

Stockholders may purchase sufficient additional scrip to complete a full share or sell their scrip at the rate of \$1.00 above or below, respectively, the last sale price of Class A Stock on the day preceding.

M. C. O'KEEFE, Secretary.

New York, March 3, 1926.

To the Holders of Prior Preference Preferred and Common Stocks of

Pere Marquette Railway Company

The Board of Directors of Pere Marquette Railway Company, at a regular meeting of said Board held March 3, 1926, declared dividends as follows:

On 5% PRIOR PREFERENCE STOCK—A quarterly dividend of \$1.25 per share (1¼%).

On 5% PREFERRED STOCK—A quarterly dividend of \$1.25 per share (1¼%), both payable May 1, 1926, to stockholders of record at the close of business on April 15, 1926, without the closing of the Transfer Books.

On COMMON STOCK—A quarterly dividend of \$1.00 per share (1%), payable April 1, 1926, to stockholders of record at the close of business March 15, 1926, without the closing of the Transfer Books.

E. M. HEBERD, Secretary.

JULIUS KAYSER & CO.

A regular quarterly dividend at the rate of two dollars a share upon the shares of the no-par-value Preferred stock of Julius Kayser & Co., issued and outstanding, has been declared, payable April 1, 1926, to the holders of record of such stock at the close of business March 18, 1926.

Dividend checks will be forwarded by Guaranty Trust Company of New York.

CHARLES J. HARDY, Secretary.

ALLIED CHEMICAL & DYE CORP.

61 Broadway
New York

February 23, 1926.
The Board of Directors has this day declared quarterly dividend No. 21 of one and three-quarters per cent. (1¾%) on the preferred stock of this Company, payable April 1, 1926, to preferred stockholders of record at the close of business on March 15, 1926.

V. D. CRISP, Secretary.

Phillips Petroleum Company

120 Broadway, N. Y.

The regular quarterly dividend of 75c per share has been declared on the capital stock of this company, payable April 1st, 1926 to stockholders of record March 15, 1926.

H. E. KOOPMAN, Secretary.

IDEAS
SERVICE
COMMODITIES

THE OPPORTUNITY EXCHANGE

A Clearing House For Business Men

MEN
AGENTS
BUSINESS
OPPORTUNITIES

Printing

LITHOGRAPHED LETTERHEADS

For \$1.25 PER
THOUSAND COMPLETE

IN 50M lots; 25m \$1.50; 12,500 \$1.75 on our white 20 lb. Paramount Bond. A Beautiful, Strong, Snappy Sheet. No smaller quantities.

ENVELOPES TO MATCH, \$1.50 PER M Booklet of Engravings on Request

GEORGE MORRISON CO.
429 East 53rd St., N. Y. City
TELEPHONES PLAZA 1874-1875-1518
Established 1898 Incorporated 1905

Charters

DELAWARE incorporator; charters; fees small; forms. Chas. G. Guyer, 901 Orange St., Wilmington, Del.

Dividends

MALLINSON'S

Silks and Fabrics de Luxe
H. R. MALLINSON & CO., INC.

299 Fifth Avenue, New York City
February 24, 1926

Preferred Dividend No. 25

The Board of Directors of this Corporation has declared the regular quarterly dividend No. 25 of 1 1/4% on the Preferred Stock, payable April 1st, 1926 to stockholders of record at the close of business March 22nd, 1926.

E. IRVING HANSON, Treasurer.

American Woolen Company

(Massachusetts Corporation)
QUARTERLY DIVIDEND

Notice is hereby given that the regular quarterly dividend of One Dollar and Seventy-Five Cents (\$1.75) per share on the Preferred Stock of this Company will be paid on April 15, 1926, to stockholders of record March 10, 1926.

Transfer Books for Preferred Stock will be closed at the close of business March 10, 1926, and will be reopened at the opening of business March 24, 1926.

WM. H. DWELLY, Treasurer.
Boston, Mass., February 19, 1926.

CRANE CO.

Dividend Notice

At a meeting of the Board of Directors today a quarterly dividend of one and three quarters per cent (1 3/4%) on the Preferred Stock and one and one-half per cent (1 1/2%) on the Common Stock was declared, payable on March 15, 1926, to stockholders of record March 1, 1926.

H. P. BISHOP, Secretary.
February 16, 1926

THE DETROIT EDISON COMPANY

60 Broadway,
New York, March 1, 1926.

A quarterly dividend of TWO PER CENT (2%) upon the Company's capital stock will be paid on April 15, 1926 to stockholders of record at the close of business on March 20, 1926. The stock transfer books of the Company will not be closed.

S. C. MUMFORD, Treasurer.

MARCH 13, 1926

Business Opportunities

FOR SALE

Large coal property, carrying a number of low volatile seams, good thickness, located in the smoke-less coal fields of West Virginia. Best railroad transportation to tide water points and West. Exceptionally good project for investment or operating purposes. Engineering reports, maps, and particulars furnished upon request. Address Box 67, c/o The Magazine of Wall Street, 42 Broadway, N. Y. C.

WANTED—BROKERS—SALEMEN to sell Preferred shares in sound, seasoned Royalty Company six years old pays monthly cash dividends. 118% paid to date. Company owns royalty interests in 140 properties in Mid-continent field with over 600 producing wells. Write Hyland & Co., Kennedy Bldg., Tulsa, Okla.

BIG BUSINESS OPPORTUNITY

\$400 MACHINE EARNED \$5040 IN ONE YEAR: \$240 machine \$1448; \$160 machine \$2160. Many St. Louis machines earned annually \$4000. One man placed 300. Responsible company offers exclusive advertising proposition. Unlimited possibilities. Protected territory. \$1000 to \$3000 investment. Experience unnecessary. NATIONAL KEILAC COMPANY, 312 N. 19th St., St. Louis, Mo.

INVESTORS ATTENTION

Large loan required for a huge enterprise. Security many times greater than amount desired. Write for particulars.
P. O. Box 1132, Ft. Lauderdale, Fla.

Four Kiln Pottery, new boiler, buildings brick, now closed, at fraction of its value. Opportunity for clean, profitable business with moderate investment.

CLAUDE NICHOLS, Chittenango, N. Y.

Dividends

FAIRBANKS, MORSE & CO.

Common Dividend.

Notice is hereby given that the Directors of Fairbanks, Morse & Co. have declared a quarterly dividend of Seventy-Five Cents (75c) per share on the outstanding common stock of the Company, payable on March 31, 1926 to stockholders of record at the close of business on March 15, 1926.

Transfer books will not close.

F. M. BOUGHEY,
Secretary.

Chicago, Illinois,
March 1, 1926.

INTERNATIONAL BUSINESS MACHINES CORPORATION

50 Broad Street, New York City.

DIVIDEND NO. 44

The Board of Directors of this company has today declared a dividend of \$.75 per share, payable April 10, 1926, to stockholders of record at the close of business on March 23, 1926. Transfer books will not be closed.

W. F. BATTIN, Treasurer.
Dated, February 23, 1926.

The Morgan Lithograph Co.

Cleveland, Ohio

The Board of Directors has declared the following dividends, payable April 1st, 1926 to stockholders of record as of March 20th 1926:

1 1/4% on 7% Accumulative Preferred \$1.25 on No Par Common Stock.
Stock books will not close.

V. CHARNLEY, Secretary-Treasurer.

Business Opportunities

Regulation Police Whistle 50c

HIGHEST quality LOUDEST sounding and most popular police whistle made; handsomely nicked and polished; used and endorsed by all leading police departments. With it you can instantly attract every police officer within hearing distance. Valuable in summoning assistance in case of fire, accident, robbery, holdup, attack or other emergency. All persons who carry large sums of money should protect themselves with one.

Sent postpaid on receipt
of 50 cents.

(Three for \$1)

WILSON, SMITH & CO.,
643 Cotton Exchange Bldg.
Los Angeles, Calif.

NOTE: Agents and police departments may have these Regulation Police Whistles at 30 cents each, prepaid, in quantities of one dozen or more. Sent C. O. D., on request.

Dividends

Cluett, Peabody & Co., Inc.

PREFERRED STOCK DIVIDEND NO. 53

The Board of Directors has declared a quarterly dividend of One Dollar and Seventy-five cents per share on the Preferred Stock of the Company, payable April 1, 1926, to stockholders of record at the close of business March 20, 1926. Checks will be mailed by the Irving Bank-Columbia Trust Company.

D. A. GILLESPIE, Treasurer.
Troy, N. Y., March 3, 1926.

AHUMADA LEAD COMPANY.

The Board of Directors has declared the regular dividend of seven and one-half (7 1/2) cents, and an extra dividend of seventeen and one-half (17 1/2) cents, or a total of twenty-five (25) cents per share, payable April 5, 1926, to stockholders of record, March 18, 1926.

J. F. BANKERD, Treasurer.
New York, March 4, 1926.

Rickenbacker

A • CAR • WORTHY • OF • ITS • NAME

Building a Business

Rickenbacker Motor Company Enters Its Fifth Year

Manned by men of the longest, ripest experience in the manufacturing and merchandising of motor cars and bodies, it was never the purpose nor has it been the policy of this concern to emulate the mushroom in growth. Rickenbacker development has been consistent because of a conservative policy.

The following figures tell their own story:

1st year's output—3760 cars
2nd “ “ 8464 “
3rd “ “ 8170 “
4th “ “ 9335 “
5th year's schedule 12000—
8000 Sixes, 4000 Eights.

Here is a splendid record indicating a steady and sure demand.

Reason for that demand is the marvelous performance of Rickenbacker cars. Reason for that super performance is advanced engineering and fine workmanship.

We believe that in the past four years we have laid a secure foundation for the future—and this sound policy will be continued thus insuring for Rickenbacker Motor Company a steady, consistent, and healthy growth.

Rickenbacker Motor Company

Detroit, Michigan

Famous "Six" Prices

7 Pass. Phaeton	- - -	\$1795
5 Pass. Phaeton	- - -	1750
4 Pass. Roadster	- - -	1795
5 Pass. Coupe Sedan	- - -	1695
4 Pass. Coupe Roadster	- - -	1920
5 Pass. Brougham	- - -	1895
5 Pass. Sedan	- - -	2095
7 Pass. Sedan	- - -	2195
4 Pass. DeLuxe Coupe	- - -	1995

f. o. b. Detroit—plus war tax



Vertical "Eight" Prices

7 Pass. Phaeton	- - -	\$2195
5 Pass. Phaeton	- - -	2150
4 Pass. Roadster	- - -	2195
5 Pass. Coupe Sedan	- - -	2095
4 Pass. Coupe Roadster	- - -	2320
5 Pass. Brougham	- - -	2295
5 Pass. Sedan	- - -	2495
7 Pass. Sedan	- - -	2595
4 Pass. DeLuxe Coupe	- - -	2395

f. o. b. Detroit—plus war tax

A Promise Fulfilled

To carry through one of the greatest expansion programs in automobile history, Dodge Brothers, Inc. invested more than \$10,000,000 in new buildings and advanced new equipment.

Remarkable new mechanical processes were perfected, making it possible, in many instances, for one machine to do the work formerly done by six, eight and ten machines—and do it better.

Making it possible, too, for one man more quickly and accurately to do the work of many. And clearing large areas of factory space for greater output.

Tremendous increases in production have followed. Vast economies have followed. Finer precision in craftsmanship has followed. Vital improvements in Dodge Brothers Motor Car have followed—and, as promised, astonishingly low new prices made possible by these gigantic developments.

Your share in this great investment is the money you save by purchasing, *at the lowest price*, the finest vehicle ever produced by Dodge Brothers.

A DODGE BROTHERS
TOURING CAR, AT

\$795!
F.O.B. DETROIT

Roadster	- -	\$795
Coupe	- - -	\$845
Sedan	- - -	\$895

F. O. B. DETROIT

DODGE BROTHERS, INC. DETROIT
DODGE BROTHERS (CANADA) LIMITED
TORONTO, ONTARIO

DODGE BROTHERS MOTOR CARS



Unaffected by Market Declines But Constantly Increasing in Value

Investors who purchase Preferred holdings in our income producing buildings, receiving with each share ownership participation, never run the risk of buying at the top and suffering losses through drastic price declines. On the contrary—all investors are afforded the same opportunity to get in at the bottom—on the ground floor with us.

The MAHLSTEDT-STEEN METHOD

is founded upon the principle that the Investor is entitled, not only to a conservative return on a safe investment, but also an equal share in profits derived from large scale building operations. The Investor has a rightful ownership in the building for his part in contributing the funds; while the Mahlstedt-Steen Securities Corporation, whose experience in financing, building and management makes possible the whole transaction, is entitled to its part.

With every \$100 which you invest in one of our new building operations you receive, semi-annually, an income at 6% plus a share in the ownership and profits, in which Preferred shareholders are entitled to participate equally with us. But we do not stop there; your money is returned to you out of earnings. The entire amount of your investment is paid off in 10% installments or in multiples thereof, plus the 6% interest. From then on the profits of the building are available for dividends upon the ownership holdings. It is conservatively expected that these ownership holdings will earn a minimum of \$6 a share.

By reinvesting your principal in other building operations, under the MAHLSTEDT-STEEN METHOD, as it is returned to you in installments, you will greatly increase your ownership holdings. In the meantime you enjoy an immediate income which should more than double at the end of ten years.

Consider what ownership holdings would be worth today if the METHOD had been available 25 years ago.

Subscriptions may be secured by the payment of 20% of the amount of your investment, the balance to be paid in thirty days. Further details sent on request.

MAHLSTEDT-STEEN SECURITIES CORPORATION

52 Vanderbilt Avenue, New York
Murray Hill 7284

I am interested in this kind of an investment; please send full information regarding your METHOD of securing a permanent and ever increasing income.

Name.....

Address.....

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